



# Corporate Information

## Directors

Ray Horsburgh AM  
Alex Williams  
Brian MacDonald  
Geoff Tomlinson  
Peter Housden  
Peter Reichler  
Ray Munro

## Company Secretary

Michael Silbert

## Corporate Affairs and Stakeholder Relations

Chloe Shorten

## Registered Office

Calibre Group Limited  
Level 2, 50 St George's Terrace  
Perth Western Australia 6000

## Principal Place Of Business

Calibre Group Limited  
Level 2, 50 St George's Terrace  
Perth Western Australia 6000

## Share Register

Link Market Services Limited  
Level 4 Central Park  
152 St George's Terrace  
Perth Western Australia 6000

## Auditors

Deloitte Touche Tohmatsu  
Woodside Plaza  
Level 14 240 St George's Terrace  
Perth Western Australia 6000

## Solicitors

Herbert Smith Freehills  
GPO Box U1942  
Perth Western Australia 6845

## Bankers

Australia and New Zealand Banking Group Limited  
18/100 Queen Street  
Melbourne Victoria 3000

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# 2014 Highlights

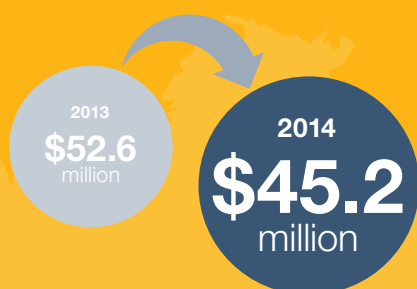
## Group Total Recordable Injury Frequency Rate



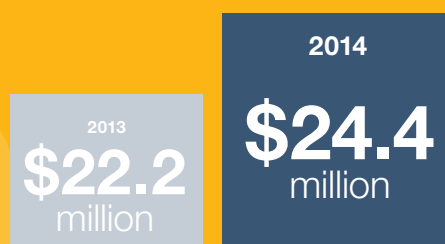
## Revenue



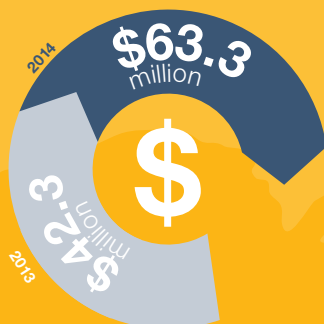
## EBITDA



## NPAT



## Operating Cash Flow



## Earnings Per Share





# Chairman's

“The safety and wellbeing of our people, which in many respects is our licence to operate, remains our highest priority.” Ray Horsburgh AM - Chairman

I am pleased to provide this annual report. It sets out our performance for the 2014 financial year and shows how our strategy has positioned us well for the opportunities ahead.

This year Calibre continued to bring its expertise, focus and array of services to bear on significant projects across Australia and beyond, while maintaining our outstanding safety record.

Calibre produced a solid full year result, with revenue of \$709.3m, EBITDA of \$45.2m and strong cash flows up 49.6% to \$63.3m. This is pleasing given the tight trading conditions and that Calibre is a business in transition.

***“Calibre is in a solid financial position from a balance sheet and cash flow perspective, better than many of our peers on the ASX 200.”***

Calibre's diversification strategy commenced some four years ago and is clearly taking Calibre in the right direction. This action has also had a positive impact on this year's result, which includes the full 12 months of our Infrastructure business.

Our strategic expansion has increased our exposure to the asset management phase of the asset lifecycle. This will enhance the long-term resilience of the business, allowing us to access a wider range of projects and sustainable earning streams.

I congratulate Chief Executive Officer and Managing Director Peter Reichler and his senior management team for a well-earned result.

# Message

Peter was only appointed to the position of CEO and Managing Director in November 2013. I'm confident that he will have an even greater impact in coming years. I would also like to thank him for his support as Chief Operating Officer during my tenure as Acting Managing Director early in the year.

## Safety

The safety and wellbeing of our people is in many respects our licence to operate and remains our highest priority.

Calibre achieved a total recordable injury frequency rate (TRIFR) of 3.1, which has declined from 3.2 and occurred over 5.4 million hours under management. This pleasing result simply could not be achieved without a workforce that values the safety and wellbeing of all.

During the year, new proactive safety initiatives were executed as part of our perpetual effort to achieve a Zero Harm environment. We introduced the light vehicle safety campaign 'Drive Smart Drive Safe' and in-vehicle monitoring technology on select worksites, plus improved visible safety leadership. These are just a few examples of a sustained safety effort.

## Workplace gender equality

This year I am pleased to report an improvement in participation rates, with women representing 8% of personnel in management positions as compared to 1% in the prior reporting period.

We now have a woman on the Calibre Executive Committee and 14% of total Calibre personnel are female, which compares with participation rates of 15% in the mining industry (according to the Australian Mines and Metals Association).

## Indigenous engagement

Calibre Resources employs an Aboriginal Engagement Manager who has developed extensive and effective relationships with Aboriginal-owned businesses across our projects.

These relationships have led to significant direct and indirect opportunities to those businesses through engagement on Calibre projects.

## The year ahead

Calibre has clearly demonstrated its ability to adapt in advance of changing market conditions. Our strategy positions us to strengthen and build on our core business, while further diversifying our revenue base.

We have taken decisive measures to ensure we enter the financial year 2015 in a competitive and robust position to benefit from any market upturn. This assumes no further significant deterioration in Calibre's markets.

The Board will continue to work with senior management on value and productivity improvement initiatives across the business.

Finally, I would like to take this opportunity to thank our shareholders for their continuing support of Calibre. I look forward to welcoming you to Calibre's Annual General Meeting on November 27 in Perth.



**Ray Horsburgh AM**  
Chairman

“The hard work of our dedicated workforce, in unison with an increasingly diversified revenue base and continued focus on cost management and cash flow, has helped provide resilience as market conditions remained subdued.”

Peter Reichler - CEO and Managing Director

# CEO & Managing Director's

I am very pleased to have been appointed as CEO and Managing Director of Calibre Group (Calibre) in November 2013. While Calibre's accomplishments have not been widely broadcast, Calibre has emerged as one of Australia's leading engineering and project delivery organisations. We have a strong tradition of successfully delivering infrastructure, resources and consulting projects across Australia and overseas.

It has been a solid year for Calibre, notwithstanding the challenging market conditions. The keys to this have been Calibre's strong long term client relationships, the tireless efforts of our dedicated workforce, delivering an increasingly diversified revenue base and continued focus on cost management and cash flow. The combination of these factors helped provide resilience in the tightening trading conditions.

## Group performance

Calibre reported revenue of \$709.3m for FY2014, a 0.3% decrease over FY2013 (\$711.3m) and above half-year guidance (\$670m to \$690m). This result was due to the strong contribution to Group revenue from our Infrastructure segment growing to over 46% from 23% last year, and Consulting's contribution, up to 10% of revenues from 8% previously. Combined, they now account for over 56% of revenue, up from 31%. As anticipated, the relative contribution of Resources has declined but still contributes a solid 44% to Group revenue.

Calibre is continuing to pursue growth and diversification opportunities to expand end-markets and revenue streams. The acquisition of Perth-based E-Tec Consultants and Spiire New Zealand contributed to growth in our civil and urban infrastructure exposure. The marketing joint venture agreement with leading Canadian oil and gas automation business, True North Automation, provides entry into the North American oil and gas sector. We also entered into an MOU advancing cooperation with prominent global mass transit and rail design company, SYSTRA, to explore new opportunities in passenger and light rail.



# Report

Underlying EBITDA was \$45.2m for the period, which was down 14.1% on FY2013 (\$52.6m). We achieved NPATA of \$34.6m. This represented a decrease of 4.7% on FY2013 (\$36.3m), primarily as a result of the lower EBITDA performance.

NPAT was positively impacted by R&D tax benefits and for the period was \$24.4m, a 10.1% increase on FY2013 (\$22.2m). R&D is reflective of the innovative work we undertake for our clients and an ongoing feature of the business.

We achieved very strong cash flow generation in FY2014, with a net operating cash flow of \$63.3m. This is reflective of our focus on working capital management and R&D benefits. Our cash conversion rate was an impressive 140%, up from 80% last year.

Calibre achieved significant debt reduction with net cash of \$2.8m compared to a net debt position at June 30 2013 of \$23.0m.

Calibre made further reduction in borrowings during the year with \$34.7m repaid as at year end. This was another benefit from the good work done around our working capital and cashflow management.

Calibre's EBITDA margin of 6.4% (FY2013: 7.4%) reflects market conditions and our business mix. It also reflects a stronger focus on costs by clients, as well as the 12 month contribution from our Infrastructure business, which generates lower margins than the rest of the business.

Calibre maintains a strong focus on cost management to ensure our business overheads and corporate structure match the current operating environment, while maintaining cost competitiveness. We are pleased to announce a final fully franked dividend of 2.5 cents per share, which takes the full year dividend to 6.0 cents.

**Peter Reichler**  
CEO and Managing Director



# Safety-driven Performance

Calibre's performance against our safety indicators reflects another year of solid safety outcomes, but statistics alone do not do justice to the values and effort that underpin our highest business priority.

This year we emphasised safety marketing and education to prevent incidents with light vehicles. The Drive Smart, Drive Safe campaign introduced on Rio Tinto iron ore project worksites, was one example. It promoted greater self-awareness about road and site safety amongst our workforce. The campaign, along with the installation of the Minetrack in-vehicle monitoring system in over 40 site-based vehicles, has seen a significant decrease in light vehicle incidents this year. Our safety strategy and practice are based on two principles: firstly, our people, regardless of their position or how they are engaged, have the right to a healthy and safe working environment; secondly, our values guide us in everything we do and that in turn drives our commitment to wellbeing.

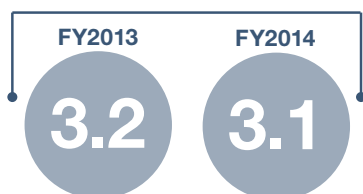
**5.4m hrs**  
under management in FY2014

## Initiatives

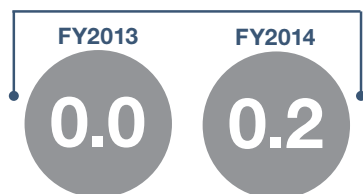
- Drive Smart, Drive Safe guidelines for light vehicle driving
- Mental Health Toolbox campaign
- Minor Incidents, Major Consequences education campaign

Drive  
**SMART**  
Drive  
**SAFE!**

## Calibre Group TRIFR



## Calibre Group LTIFR





# Corporate Social Responsibility

Analysis of the 2014 Calibre Corporate Governance Statement indicates that there are opportunities to better align our governance processes to elements of our Corporate Social Responsibility (CSR) aspirations.

*Australian Standard AS 8003 Corporate Social Responsibility* defines CSR as “A mechanism for entities to voluntarily integrate social and environmental concerns into their operations and their interaction with their stakeholders, which are over and above the entity’s legal responsibilities”. The Standard sets out the following as categories of CSR issues:

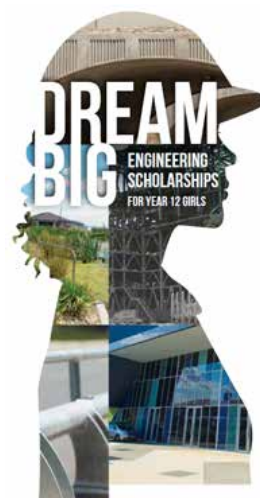
- Profitability
- Competitive practices and pricing
- Governance/ethics
- Corruption/bribery/political donations
- Employee issues
- Supplier issues
- Health & safety
- Environmental impact
- Impacts on the host community
- Regulatory compliance systems
- Stakeholders

The identified area of focus for the Board in the 2014/15 financial year is diversity, principally gender balance, indigenous engagement and safety. These aspects are seen as significant for our employees and contractors, but also important for our clients and other stakeholders.

The Board is redefining the measurable objectives in this area and management will be charged with delivering upon those objectives and building on programs like *Dream Big*.

## Dream Big

To encourage more women to enter the engineering profession, our Consulting business provides a number of university scholarships to young women in their final year of high school. As part of the scholarship, our Consulting business financially contributes to the cost of university studies throughout the duration of the engineering degree. Scholarship students are also offered paid work experience during the university breaks and throughout the semester. Upon graduation, Calibre Consulting provides scholarship graduates with a full time position and a graduation bonus paid over two consecutive years.







A dark, blue-tinted photograph of an industrial facility, likely a refinery or chemical plant. The image shows complex piping, structural steel, and a large staircase leading up to a platform. A sign on a platform in the background reads "CONVEYOR". The sky is overcast.

# Review of Operations



**Mick Crowe**  
Managing Director,  
Calibre Infrastructure

Calibre's Infrastructure business achieved a very strong result, growing revenue by 98.1% to \$329.2m (\$166.2m FY2013), contributing 46% of Group revenue. The outstanding result was due largely to G&S. Revenues were driven

# Infrastructure

by the successful undertaking of two major projects during

the year: the Hay Point coal terminal onshore upgrade project and the Caval Ridge project, both for BHP Mitsubishi Alliance. Just as pleasing has been the growth in segment profit to \$18.0m (\$6.8m FY2013).

## Highlights for the Infrastructure business

The G&S workforce peaked at over 1,300 people during the year. Many of its teams came from South-East Queensland to assist the regional workforce with projects. This included 25 apprentices, and there were five graduations in the year. We maintained a major focus on staff retention and sustainable business models to retain capability. Our productivity advantage is crucial to improved service delivery and our people's experience is a material factor in this.

We installed new mechanical and electrical outloading systems for the Hay Point expansion (HPX3) project in Queensland. This entailed over 400,000 work hours on preassembled structures and insitu build-to-install upgraded conveying, as well as transfer and surge capacity for the new wharf. A large portion of the scope included a full electrical upgrade covering both brown and greenfield operations.

At Caval Ridge Mine, Queensland, G&S was originally contracted to erect five yard machines for the raw and product coal systems. G&S went on to successfully deliver additional items in the plant and across the site, assisting BHP Mitsubishi Alliance to complete the project. Demonstrating the benefits of its integrated construct and maintain capability, G&S also successfully provided the transition workforce and startup teams for the project and they remained in support after the construction phase.

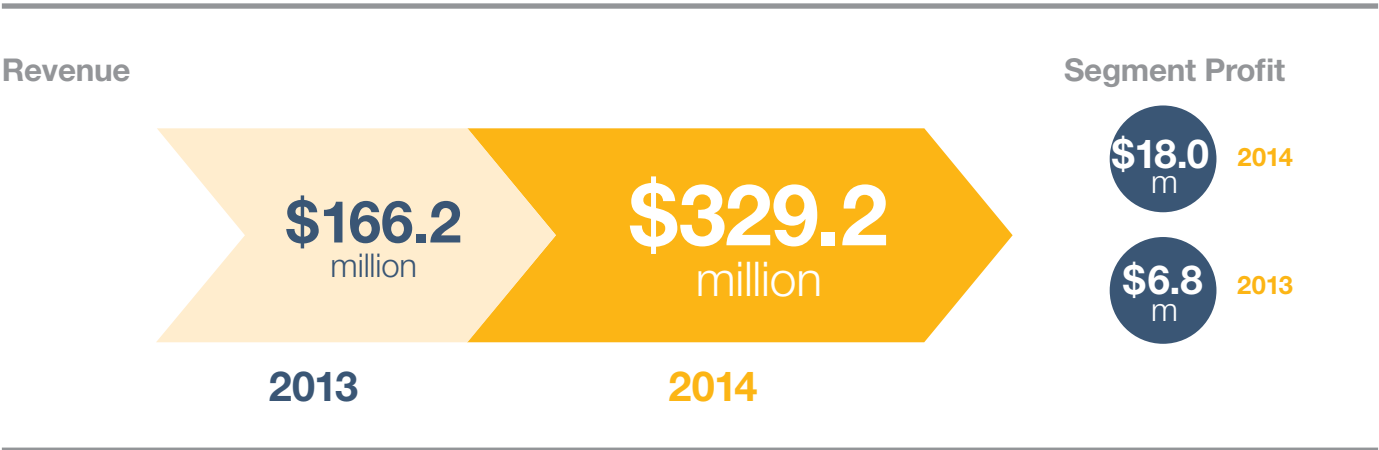
Having retained the core teams early in the year during the slowdown for maintenance work, G&S is well positioned to take on the most technically challenging and resource demanding projects in the Queensland coal fields.





G&S is celebrating its 20 year anniversary next year in 2015, a key milestone for our industry that will be achieved through our relentless striving for zero harm exposure, dedicated partnering mentality, adaptability, leading cost, schedule, quality deliverables and client first approach.

Looking forward, both the coal and iron ore sectors are characterised by cost focus and sweating assets. Capital will be highly competitive and maintenance spends will be heavily scrutinised around value and risk reduction deliverables. Accordingly, in the coming year we expect to see a shift from expansion projects to optimisation and maintenance works. G&S is ideally positioned through its history of performance and retained skills, via the reallocation of construction resources, to deliver on the increased maintenance and productivity works in both the coal and iron ore sectors.









**Gary Spence**  
Managing Director,  
Calibre Consulting

Calibre's Consulting business also demonstrated revenue and profit growth with improved margins. Revenue grew to \$68.6m (\$55.8m FY2013) and profit grew to \$4.8m (\$3.2m FY2013). The result was driven by Calibre's

# Consulting

principal consultancy businesses: Brown Consulting (Brown)

operating in Australia and Singapore, and the recently acquired Spiire New Zealand (Spiire). With a combined workforce of almost 600 personnel, these businesses deliver diverse multi-disciplinary services to the built environment sector.

## Highlights for the Consulting business

Since joining Calibre in 2011, Brown continues to grow both organically and via acquisitions. Calibre's wholly-owned built environment services business, Brown, acquired Perth based structural and civil engineering firm, E-Tec Consultants, which has since re-branded to Brown Consulting. This acquisition has enabled Brown to better service its national clients and has increased its structural staff contingent.

In February 2014, Brown made its first international acquisition, purchasing consulting engineering, project management and surveying firm, Spiire New Zealand. With the New Zealand economy progressively improving, combined with the potential to share expertise between Australia and New Zealand, the performance outlook for the business is encouraging.

New South Wales has experienced a dramatic and long overdue uplift in residential house sales, resulting in higher demand for our engineering, planning and surveying services. Changes to NSW planning legislation in Western Sydney's growth centres, allowing small lot housing and more flexible housing configurations, are earmarked to reduce costs and time to market.

Spiire New Zealand continues to enhance its reputation as an industry leader by winning prestigious awards; a number of Spiire projects won either gold or silver at the New Zealand Commercial Project Awards. Puzzling World Sculptillusion Gallery, a leading tourist destination, won gold in the Tourism and Leisure Project category. The Christchurch Temporary Stadium, developed in record time following the devastating earthquakes in 2011, also won gold in the Industrial Project category. The team won silver for their contribution to the New World Silverstream shopping centre in the Retail Project category. The awards follow the team's success at the Dunedin City Council Heritage Awards for its earthquake strengthening work on Cargill's Monument, one of the first stone structures in the city.

In Australia, Brown also achieved recognition, winning a number of industry awards. Halcyon Landing, an over fifties lifestyle village on the Sunshine Coast, was judged Australia's best seniors' living development at the 2014 Urban Development Institute of Australia (UDIA) Awards. In Sydney, Harrington Grove, also delivered by Brown, won the 2014 UDIA National Residential Development of the Year. In Queensland, Brown was recognised as 2013 Consultant of the Year for its contribution to the Sunshine Coast Hospital Precinct.

Harrington Grove is a stunning master-planned residential community in south-west Sydney. With 1,500 residential lots being created across 18 precincts, Brown is delivering for its client, Harrington Estates, a new standard in luxury estate development. The project won both the 2014 Australian Residential Development of the Year Award from the Urban Development Association of Australia (UDIA) and the NSW equivalent in 2013.

At Sydney's Barangaroo development, Brown was engaged as part of a Design and Construct delivery team to deliver the water retention system for this major project. The team also provided structural design for two iconic apartments for Lend Lease, the eleven storey Anadara and the nine storey Alexander.



Hobsonville Point is a 20-minute drive northwest of Auckland's CBD. Originally a defence base, Hobsonville is a master-planned community, and will feature a mix of detached and non-detached housing as well as schools, retail, office and community facilities such as parks and cycleways. Developed in stages, the project is due for completion in 10 years and when complete will feature 3,000 homes. Spiire is providing a range of civil and structural engineering and surveying services to various stages of the development.

Our Sydney team continues to secure unusual and challenging structural projects. In Wollongong the Nan Tien Institute's Learning and Cultural Centre opened in September 2014. The Centre is intended to be Australia's first tertiary institution grounded in applied Buddhist philosophy. Brown provided civil and structural services to this iconic cultural centre. Brown is also providing civil, structural and traffic engineering services for aircraft maintenance and administration facilities for the Royal Australian Navy's new Sikorsky MH-60 Romeo aircraft. Commissioned by Jones Lang LaSalle on behalf of Sikorsky Helitech, the facility is currently under construction and is due for completion in early 2015.



## Consulting

Brown's Melbourne based specialist aquatic engineers have been engaged to design three pools at the future Cockburn Central West Regional Physical Activity and Education Centre in Perth. Construction of the \$106m sports facility is due to commence shortly and, once complete, the centre will become the home of the Fremantle Dockers and a community facility.

Werribee Plaza, already one of the largest retail precincts in Melbourne's west, is due to become even bigger thanks to the input of Brown's engineering team. Brown has provided structural and civil engineering services to support the \$300m redevelopment and extension of the 29-year-old centre. The revitalised facility includes 35,000 square metres of additional retail space, 1,500 new car parks and a 10-bus interchange terminal.

Brown's Singapore team has grown significantly in the past 12 months, taking local staff numbers to 90. The team is providing construction engineering and supervisory services to the 30 kilometre Thomson underground rail line for the Singapore Land Transport Authority, which is due for completion in 2018.

The team has also played an instrumental role in the delivery of a cogeneration plant. This is an integral part of the SGD\$2 billion Tembusu Multi-Utilities Complex currently under construction at Jurong Island. The historic project will be Singapore's first coal fired plant comprising a 164 megawatt biomass and clean coal (BMCC) cogeneration plant. It also includes a sea water desalination plant and a wastewater treatment plant.

Brown is also designing a multi-purpose tourism, community and education centre in Exmouth. Located 1,270 kilometres north of Perth, the \$30m Ningaloo Centre will be 4,700 square metres in size and cater to 125,000 annual visitors.

Brown was recently appointed (as part of a project consortium) to deliver two key projects in Canberra. These include the \$800m Canberra light rail project and the \$500m urban renewal City to the Lake project, which is destined to rival the Docklands development in Melbourne as a leading urban renewal project.





Though the economic environment appears more positive than in FY2014, conditions are likely to remain tight in the immediate future. Notwithstanding the subdued market, opportunities do exist. The strategy of diversification, combined with an uncompromised commitment to client service and talent development, has seen the business weather difficult trading conditions over the past two years. The team will continue to focus on leveraging existing client relationships and securing new business to maintain market share. Viable acquisitions will also be considered to support diversification and growth.

In December, Brown was highly commended at the national Consult Australia Awards for its Safety in Design (SiD) program. Brown's dedication to safety in the workplace (as well as in its design standards) is evidenced by its unblemished record, with no lost time injuries during the period.

Recognising the need to foster women's participation in engineering, Brown is one of 13 leading firms that have signed the Consult Australia Champions of Change charter, which aims to promote diversity and greater participation of women. Brown's *Dream Big* scholarship program provides financial support and vacation employment to female engineering students. Now in its eighth year, there are currently ten women benefiting from the scholarship.



## Revenue



## Segment Profit







**Derek Brown**  
Managing Director,  
Calibre Resources

# Resources

Despite subdued market conditions, Calibre's resources business proved resilient, due to Calibre Global and its strong client relationships.

Calibre Global has proven its broad mine-to-market service offering with a number of key projects and partnerships evolving throughout the year.

Revenue decreased to \$312.0m (\$493.0m FY2013), contributing to 44% of Group revenue.

### Key mining projects

Calibre Global continued to provide services to support the first-phase expansion of Rio Tinto's Pilbara operations, to a capacity of 290 million tonnes per annum (MTPA). This represented the largest integrated mining project in Australian history.

Calibre Global played a significant role in the study, design and delivery of key mine and rail infrastructure projects in support of the 290 MTPA expansion, as well as the second-phase expansion of Rio Tinto's Pilbara mine and rail infrastructure towards 360 MTPA.

Engineering, procurement and construction management (EPCM) delivery of Western Turner Syncline Phase 1 (WTS Phase 1) during the year - which included a 21km overland conveyor to the Tom Price processing plant, a 25 MTPA primary crushing station and extensions to the power, communications and water services to the project - is one example of Calibre Global's lead role in this large scale expansion program of works.

In addition, the award of the West Angelas Expansion Project in February 2014 provides EPCM services for the implementation phase of the brownfields expansion of the West Angelas iron ore mine in Western Australia. The project is expected to be complete by FY2015 and involves extension to the process plant, materials handling and non-process infrastructure. Calibre Global's role is to manage the implementation and commissioning of these facilities. This project continues Calibre Global's long association with Rio Tinto at West Angelas, where Calibre was the EPCM provider for the capacity expansion from 16 MTPA to 25 MTPA in 2004-2006.

The Yandi Sustaining Project continued during the year with completion due in the second quarter of 2015. This key project is currently in implementation and includes construction of a sizer plant, upgrading existing processing facilities, constructing a wet processing plant, installation of a second stacker, and construction of significant supporting infrastructure.

Commencing in 2011, the Rio Tinto Rail Capacity Enhancement (RCE) Project is a large scale expansion of the Rio Tinto rail network and rolling stock, in order to support annual iron ore output of up to 360 MTPA. Calibre Global has been involved in the project since its inception, providing study, design and EPCM services for all rail and supporting infrastructure and rail systems. With the crucial first stage component now delivered (on time and under budget), the focus during the year turned to the delivery and successful commissioning of the second stage, to increase the network capacity. Project completion will occur in 2015.

BHP Billiton Iron Ore awarded Calibre Global the EPCM contract for the execution of the Ore Car Repair Shop (OCRS) project at Mooka, 33km south of Port Hedland, Western Australia. It was a further endorsement of Calibre Global's reputation of high performance delivery. The \$30m project has commenced and is expected to be completed in 2015.

Samsung C&T Corp awarded Calibre Global a \$23m contract for the detailed design of approximately 330km of heavy haul main-line railway, passing loops and other associated civil infrastructure, for the Roy Hill Holdings Pty Ltd Project in Western Australia. This followed the earlier signing of a MOU with Samsung C&T Corp to explore opportunities to work in various locations. The rail design work was successfully completed ahead of schedule and under budget.

With decisions on select expansion projects delayed or pending with Pilbara iron ore majors and coal producers on the east coast of Australia, the environment remains highly competitive. That said, the Resources segment remains confident that the strength of its client relationships, built on years of sustained high performance and consistent delivery, positions it well for future opportunities.

# Resources

## Key industrial technology projects

Rio Tinto's AutoHaul® project is the world's first automated, long distance, heavy haul rail network and is a key component of the Rail Capacity Enhancement (RCE) Project.

Calibre Global was commissioned by Rio Tinto as the EPCM provider for the AutoHaul® project in Western Australia in February 2012. The project, which is in the implementation stage, features work across all components of the integrated Rio Tinto rail network, including locomotive onboard systems, Rio Tinto's Data Network (RTDN), signalling and asset protection systems (wayside) and its Operations centre.

The introduction of AutoHaul® will enable an increase in shipped iron ore tonnages by reducing ore delivery cycle times as well as improving the safety and efficiency of rail operations on the mainline. The completion of the AutoHaul® programme is anticipated in three phases by 2015.

Calibre Global entered into a marketing joint venture agreement in October 2013 with a leading Canadian oil and gas automation business, True North Automation (True North). The joint venture intends to jointly develop oil and gas technology market opportunities in Australia and bulk commodities mining, rail and integrated operations technology opportunities in Canada.





The joint venture is operating as Toric Technologies (Toric). It combines the complementary oil and gas experience of Calgary-based True North, with the industry leading expertise of Calibre's Industrial Technology Division, and its mining, rail and integrated operations expertise, to provide innovative technology solutions to deliver greater productivity and asset performance for customers.

Toric secured its first project during the year in Alberta, Canada. The client, Lafarge, is building a new line at its existing plant in Exshaw. The project scope is to provide the required secondary electrical, instrumentation and automation engineering/design services to allow for the electrical construction, commissioning and operation of new equipment.

The formation of the joint venture represented another milestone in Calibre Global's ongoing diversification strategy, which is focussed on development into new end markets such as oil and gas and to diversify existing services into new regions, including Canada and North America.

Calibre Global's Industrial Technology group continues to lead the industry through state of the art technology delivery in the resource sector.



## Revenue



## Segment Profit





# Looking Forward

The markets we operate in remain tight right across the board and we expect subdued market conditions to continue in FY2015. But we approach it with a sense of cautious optimism and do so with a strategic approach of five key planks underpinned by a continuing strong focus on cash flow, cost management to ensure alignment with operating conditions, and effective project delivery and risk management.

**The five key planks to our strategic approach are:**

1. Safety – This is the top priority for Calibre and its clients. We continue to work towards a goal of Zero Harm.
2. People – We know that our people are the key to our continued success. Our focus is on developing the leadership skills of our people, identifying and managing the many talented people in our business and increasing the level of employee share ownership.
3. Growth and diversification – Our acquisitions are increasingly contributing strongly to our business. We continue to focus on expanding our presence and capability into new industry sectors while increasing recurring revenue streams. The approach will mean a focus on an expanded client base, geographic breadth and commodity exposure.
4. Operational Excellence – Key to our success is having integrated and robust systems and processes, good project governance and investment in business development. Additionally, maintaining a high level of commercial discipline is essential to deliver good outcomes.
5. Client Engagement – Calibre has a strong history of client engagement, of rolling up our sleeves across Calibre to get things done to ensure our clients succeed. This philosophy needs to be maintained with the delivery of innovative and high quality services.

We are fortunate to have major shareholders who support Calibre's ongoing strategy. We are also able to pursue appropriate growth opportunities to diversify revenue streams and end-markets.

On the Board's behalf, I would like to express my appreciation of our valued clients, our investors and our talented and dedicated people.



**Peter Reichler**  
CEO and Managing Director



“Whilst subdued market conditions are expected to continue, we approach FY2015 with a sense of cautious optimism.”



# 2014

# Financial Report

For the year ended 30 June 2014

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# Directors' Report

Your Directors submit their report for the year ended 30 June 2014.

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

Ray Horsburgh AM	Chairman
Alex Williams	Non-Executive Director
Brian MacDonald	Non-Executive Director
Geoff Tomlinson	Non-Executive Director
Peter Housden	Non-Executive Director
Peter Reichler	CEO and Managing Director - appointed 25 November 2013
Ray Munro	Non-Executive Director

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

## Information on Directors

### Ray Horsburgh AM Chairman

#### Experience and expertise

Ray has significant experience in company management and as a Director and was previously Managing Director of Smorgon Steel Group Limited for 15 years, until its merger with OneSteel Limited in August 2007. Prior to this he had a 31 year career with the Australian Consolidated Industries Group, primarily in senior roles in the glass and packaging businesses.

He currently chairs the Board and the Nomination Committee and is a member of the Audit Business Risk and Compliance Committee at Calibre.

#### Current directorships held in other listed entities

Chairman of Toll Holdings Limited (appointed September 2007).

Ponting Foundation Limited (appointed September 2008).

#### Former directorships in the last three years

CSR Limited (from 2006 - 2013).

National Can Industries Limited (from 2007 - 2013).

Independent Chairman of Traffic Technologies Ltd (from 2007 to 2010).

### Alex Williams Non-Executive Director

#### Experience and expertise

Alex joined the Board of Calibre in May 2010 and is the Managing Director of First Reserve International Limited, with over 15 years' experience in the investment industry.

Prior to joining First Reserve, Alex was a Director at 3i PLC, an international private equity firm, and prior to that he worked at J.P. Morgan in the Corporate Finance and Capital Markets groups.

Alex is currently a member of the Nomination and Remuneration Committees at Calibre.

#### Current directorships held in other listed entities

None.

#### Former directorships in the last three years

None.

# Directors' Report (continued)

## **Brian MacDonald**

Non-Executive Director

### **Experience and expertise**

Brian joined the Board of Calibre in May 2010 and has over 25 years' experience as a qualified civil engineer, Company Director and Manager.

Brian was formerly Managing Director of Vale Australia Pty Ltd and has previously occupied senior executive roles with AMCI Australia, MIM Holdings and Thiess Pty Ltd.

Brian is currently a member of the Nomination Committee and Audit Business Risk and Compliance Committee at Calibre.

### **Current directorships held in other listed entities**

None.

### **Former directorships in the last three years**

None.

## **Geoff Tomlinson**

Non-Executive Director

### **Experience and expertise**

Geoff worked for National Mutual Group for 29 years, including as Managing Director, and during his time he oversaw the demutualisation of the company and its listing on the ASX.

Geoff is currently a non-executive Director of National Australia Bank and a member of its Board Remuneration Committee. He is also Chairman of MLC, a fully owned subsidiary of National Australia Bank.

Geoff is currently a member of the Nomination Committee and chairs the Remuneration Committee at Calibre.

### **Current directorships held in other listed entities**

Non-Executive Director of National Australia Bank Limited from March 2000.

Chairman of Growthpoint Properties Australia Ltd.

Australian Real Estate Investment Trust ("A-REIT").

### **Former directorships in the last three years**

Director of AMCOR Limited from 1999 to 2010.

Chairman of Programmed Maintenance Services Limited from 1999 to 2011.

## **Peter Housden**

Non-Executive Director

### **Experience and expertise**

Peter has over 40 years' experience in accounting, finance and management, including 20 years' experience as Director of ASX-listed companies.

Peter was previously CFO and Company Secretary of ASX-listed MIA from 1999 to 2003, following roles with RGC and Australian Chemicals Holdings as Finance Director.

Peter is currently chairman of Royal Wolf Holdings and a non-executive Director of GrainCorp Limited and Alliance Aviation Services Limited.

Peter is currently a member of the Nomination Committee and chairs the Audit Risk and Compliance Committee at Calibre.

### **Current directorships held in other listed entities**

Director of GrainCorp Ltd from November 2008 to present.

Chairman of Royal Wolf Holdings Ltd from April 2011 to present.

Director of Alliance Aviation Services Ltd from October 2011 to present.

# Directors' Report (continued)

## Former directorships in the last three years

Director of Sino Gold Mining from 2006 to 2009.

Director of iSoft Group Ltd from 2010 to 2011.

Director of Clean Seas Tuna Ltd from 2010 to 2011.

## Peter Reichler

CEO and Managing Director

### Experience and expertise

Peter has over 30 years' experience in the engineering, consulting and infrastructure services, along with the packaging, finance and investment banking sectors. He has been CEO, Group Ventures (2009-2011) and CFO (2006-2009) of Downer EDI Limited, and has previously been in key Finance, Administration and Business development roles with the Amcor Group, within Australia, Asia and Europe.

Peter holds an MBA from Macquarie University, an M Comm (Finance) and B Financial Administration, qualified as a Chartered Accountant and is a member of the Australian Institute of Company Directors.

### Current directorships held in other listed entities

None.

### Former directorships in the last three years

None.

## Ray Munro

Non-Executive Director

### Experience and expertise

Ray is a co-founder and former Executive Chairman of Calibre Group. He has over 40 years' experience in the engineering and resources sectors in Australia and South Africa.

Ray was previously Senior Construction Manager with Sinclair Knight Merz for seven years and has over 30 years of management experience in construction. He is a member of the Australian Institute of Company Directors.

Ray is currently a member of the Remuneration Committee and Nomination Committee at Calibre.

### Current directorships held in other listed entities

Chairman of Viento Group Limited (appointed 3 July 2013).

### Former directorships in the last three years

None.

## Directors' shareholdings

The following table sets out each Director's relevant interest in the shares of the company or a related body corporate as at the date of this report:

	Number of Ordinary Shares
Ray Horsburgh AM	571,748
Alex Williams <sup>1</sup>	197,587,910
Brian MacDonald	19,666,469
Geoff Tomlinson	-
Peter Housden	16,958
Peter Reichler	602,201
Ray Munro	38,218,543

<sup>1</sup> Alex Williams does not have a relevant interest in any shares in Calibre or any of its related bodies corporate. He has been nominated as a Director of Calibre by FR Calibre BV, which owns ordinary shares in Calibre. FR Calibre BV also has a relevant interest in the converted A, B and C Class Shares to ordinary shares due to the power it has to restrict the disposal of those converted shares.



# Directors' Report (continued)

## Company Secretary

### Michael Silbert (Joint Company Secretary)

Michael joined Calibre in June 2012 and has more than 20 years' experience as an in-house lawyer for various private and public companies. He has previously held the position of in-house counsel and company secretary for companies including Sinosteel Midwest Corporation Limited, Southern Cross Electrical Engineering Limited and Evans & Tate Limited. Michael has also held a number of senior commercial, legal, corporate secretariat and advisory roles in the UK, Australia and Asia.

In addition to his extensive general counsel and company secretarial experience, Michael has considerable skills and experience in commercial negotiations, transaction management, risk management, merger and acquisition negotiations, post-merger integration, sustainability strategy, management strategy and advice.

Michael holds a Bachelor of Arts, Bachelor of Laws and Bachelor of Jurisprudence.

## Joint Company Secretary

Brett Maff, joint company secretary, resigned on 23 August 2013.

### Principal activities

Calibre Group is a leading diversified provider of engineering, consulting, project delivery, construction and asset management services within Australia offering clients an integrated range of services, from early-stage asset evaluation and project feasibility studies, through design and delivery, to ongoing support and optimisation of mine, rail and infrastructure assets.

# Operating & Financial Review

## Review of operations

\$m	FY2014	FY2013 <sup>1</sup>	Var (pcp)
Revenue	\$709.3	\$711.3	(0.3%)
EBITDA	\$45.2	\$52.6	(14.1%)
EBITDA margin	6.4%	7.4%	
NPAT	\$24.4	\$22.2	10.1%
NPATA (pre-amortisation)	\$34.6	\$36.3	(4.7%)
Basic earnings per share (cents)	7.6	7.3	4.1%
Net operating cash flow	\$63.3	\$42.3	49.6%
Dividend per share (cents)	6.0	7.6	(21.1%)

## Financial Overview

Increased revenues in both Infrastructure and Consulting were offset by lower revenues in Resources, resulting in consolidated revenues of \$709.3m, in line with prior corresponding period (pcp).

EBITDA of \$45.2m was 14.1% lower than the result achieved in the pcp driven by a change in business mix and market conditions.

NPAT of \$24.4m was 10.1% higher than the pcp, driven by R&D tax benefits and lower interest costs as a result of the debt reduction undertaken during the year. An \$11.7m net tax benefit position was achieved in the year. R&D activities reflect the innovative work undertaken for clients, which is an ongoing feature of the business.

<sup>1</sup>Included nine month contribution from G&S Engineering.

# Directors' Report (continued)

## Net Cash Position

The focus on working capital management realised net operating cash flows of \$63.3m (FY2013: \$42.3m). The cash conversion ratio<sup>1</sup> of 140.0% represented a significant improvement over the 80.4% achieved in the pcg.

The emphasis on the conversion of working capital to cash flow and tax benefits enabled Calibre to achieve a net cash position at 30 June 2014 of \$2.8m. This compared to a net debt position at 30 June 2013 of \$23.0m.

During the year, Calibre made \$34.7m in debt repayments and \$23.9m in payments for acquisitions and deferred consideration liabilities.

Effective capital management enabled the acquisitions completed during the year to be funded through existing cash reserves.

Calibre's cash position at 30 June 2014 was \$46.4m (FY2013: \$50.2m).

The interest cover was 7.7 times, down from 8.6 times at 30 June 2013.

Total net capital expenditure of \$5.8m consisted primarily of systems upgrades and implementations.

## Margins and Cost Management

Calibre's EBITDA margin of 6.4% (FY2013: 7.4%) reflects market conditions and business mix, with a continued strong focus on costs by clients.

To maintain cost competitiveness, Calibre continued to focus on cost management to ensure both business support costs and the corporate structure aligned to the current operating environment. This led to a 10.0% reduction in overhead expenses compared to the pcg.

Costs associated with optimising the business to a sustainable level during the year were fully absorbed in the results.

## Final Dividend

Directors have declared a fully franked final dividend of 2.5 cents per share, taking the full year dividend to 6.0 cents per share.

The dividend will be paid on 1 October 2014 (Payment Date) with the record date for entitlements being 5pm AWST on 12 September 2014 (Record Date).

Eligible shareholders will be able to participate in the Calibre Dividend Reinvestment Plan. No discount to the issue price and a 5-day VWAP will apply.

<sup>1</sup>Calculated as operating cash flow divided by EBITDA.

# Directors' Report (continued)

## Safety

Calibre reported a Lost Time Injury Frequency Rate (LTIFR) of 0.2 in FY2014 over 5.4 million hours worked, compared to 0.0 in FY2013. The Total Recordable Injury Frequency Rate (TRIFR) was 3.1 in FY2014, compared to 3.2 in FY2013.

Health and safety initiatives undertaken during the year included a "Minor Incidents, Major Consequences" education campaign and a "Drive Smart, Drive Safe" campaign setting out guidelines to help keep light vehicle driving safety front of mind.

## Segment Performance

Calibre provides its services through three key segments: Infrastructure, Consulting and Resources.

### Infrastructure

Revenues increased by 98.1% to \$329.2m during the year (FY2013: \$166.2m), which included a full year contribution from G&S Engineering (pcp reflected a nine month contribution). Revenues were driven by the successful undertaking of two major projects during the year: the Hay Point Coal terminal onshore upgrade project and the Caval Ridge project for BHP Mitsubishi Alliance.

Maintenance activity levels were impacted by declining coal prices and coal price forecasts, with clients focused on productivity improvements and cost management.

Towards the end of the financial year, there were some positive signs that the maintenance activity levels were improving.

### Consulting

Revenues grew 22.9% to \$68.6m (FY 2013: \$55.8m), with the strong result driven by a combination of organic growth and the acquisitions of E-Tec (Western Australia) and Spiire New Zealand. The acquisition of Spiire NZ in February 2014 provided a national presence in the New Zealand civil and urban infrastructure market. The acquisition of E-Tec contributed to a national footprint for Consulting. E-Tec offers an opportunity to grow in the Western Australian urban development market, leveraging our capability, reputation and client relationships.

There were improved conditions experienced in the residential urban development and civil engineering markets in Australia during the year, underpinning the organic growth.

Projects undertaken during the year included civil and structural services for the Nan Tien Institute's Learning and Cultural Centre (NSW), structural and civil engineering services for the Werribee Plaza (Vic) redevelopment, and construction engineering and supervisory services to the 30km Thomson underground rail line for the Singapore Land Transport Authority. In addition, a number of industry awards were received from the Urban Development Institute of Australia for projects undertaken during the year.

### Resources

Revenues decreased by 36.7% to \$312.0m (FY2013: \$493.0m). Operations were affected by a combination of the completion of a number of large scale projects during the year and continued tight market conditions across the resources sector. This resulted in a significant reduction in new capital expansion projects and the delay or deferral of capital investment decisions.

Restructuring activities undertaken during the year to optimise the business for the current environment will realise \$13.0m in annual cost savings going forward.

Resources continued its long term relationships with Rio Tinto and BHP Billiton, delivering multiple projects for these clients, including Western Turner Brockman. New client relationships were established during the year, including Samsung, where rail design work on the Roy Hill project was undertaken.

## Transition process continues

Solid progress on Calibre's growth and diversification strategy was made during the year.

The Consulting business continued its growth strategy through the acquisition of West Australian based E-Tec Consultants in July 2013. This enabled the business to expand its West Australian capability. The acquisition of New Zealand based Spiire in February 2014 provided a national foot-print in New Zealand, exposing Calibre to a market with a positive economic outlook and to the reconstruction opportunities in Christchurch.

At the end of the year the Infrastructure business entered into an agreement to acquire the business of Ark Maintenance (Ark). Ark is a Perth-based business providing maintenance and optimisation services for structural, mechanical and piping machinery. The acquisition is expected to deliver increased scale and capability to operations in Western Australia. Completion occurred on 7 July 2014.

The Resources business expanded into North America through the establishment of Toric Technologies, a joint venture (JV) between Calibre Global and a leading Canadian oil and gas automation business, True North Automation. The JV will jointly develop oil and gas technology market opportunities in Australia and bulk commodities, mining, rail and integrated operations technology opportunities in Canada.

Calibre continues to look for appropriate opportunities to diversify and grow the existing businesses, incorporating entry into new markets and regions and to gain exposure to a broader range of commodities and clients.

## Outlook

Our operating environment is characterised by client capital expenditure constraints, competitive conditions, and client focus on costs thereby placing pressure on margins. Calibre expects tight market conditions to continue.

Across our segments we expect growth in Consulting, consolidation of the strong growth achieved in Infrastructure and some moderation in Resources.

The impact of lower revenue and margins will be partly offset by cost savings and expected R&D tax benefits. With the changes in the business mix and timing of major project delivery, Calibre expects a stronger skew to revenue and earnings in 2015 compared to previous years.

## Significant changes in the state of affairs

On 23 July 2013, Brown Consulting ("Brown"), a wholly owned subsidiary of Calibre Group, acquired Perth-based E-Tec consultants ("E-Tec"), a structural and civil engineering firm.

On 4 February 2014, Brown also acquired New Zealand based Spiire New Zealand Limited ("Spiire"), a consulting engineering and surveying firm with six offices across New Zealand. The acquisition consideration of approximately NZ\$2.0m will be paid in cash from existing cash reserves and includes a deferred component.

## Significant events after the balance date

On 7 July 2014, G&S Engineering ("G&S"), a wholly owned subsidiary of Calibre, acquired the business and assets of Perth-based Ark Maintenance ("Ark"), a resources focused maintenance services engineering firm, providing mine maintenance and optimisation services of structural, mechanical and piping areas.

There have been no significant events after the balance sheet date other than events disclosed in note 35.

## Likely developments and expected results

Each year the Board undertakes a formal strategic planning process to provide guidance to management about Calibre's strategic direction. Calibre plans to continue with its business strategies as set out in this report. The execution of these strategies is expected to result in improved financial performance over the coming year. The achievement of the expected results is dependent on a range of factors, some of which are outside Calibre's control.

## Environmental regulation and performance

Calibre's operations are regulated by national and state government legislation that encompasses environmental matters, occupational health and safety and industrial relations.

Environmental authorities are involved at all stages of a project to ensure it complies with legislation and effectively manages pollution, waste, water use, contamination, dust, noise and other issues that have the potential to impact the environment.

Safety is regulated by various acts, regulations and standards. Clients also have specific safety requirements, which are a primary driver for the selection of service providers in the industry.

# Directors' Report (continued)

## Indemnification and insurance of officers and auditors

During or since the financial year, Calibre Group Limited ('the Company') has paid premiums in respect of a contract insuring all directors of the Company against legal costs incurred in defending proceedings for conduct involving, (a) wilful breach of Duty or (b) a contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such by an officer or auditor.

## Directors' meetings

The number of meetings of Directors (including meetings of committees of directors) held during the year and the number of meetings attended by each Director was as follows:

	Board of Directors		Remuneration Committee		Audit, Business Risk & Compliance Committee <sup>1</sup>		Nomination Committee <sup>2</sup>	
	Held <sup>3</sup>	Attended	Held <sup>3</sup>	Attended	Held <sup>3</sup>	Attended	Held <sup>3</sup>	Attended
Ray Horsburgh AM	13	13	-	-	4	4	3	3
Alex Williams	13	13	5	5	-	-	3	3
Brian MacDonald	13	13	-	-	4	4	3	3
Geoff Tomlinson	13	11	5	5	-	-	3	3
Peter Housden	13	11	-	-	4	4	3	3
Peter Reichler <sup>4</sup>	7	7	-	-	-	-	-	-
Ray Munro	13	12	5	4	-	-	3	3

## Dividends

On 27 August 2014, the Directors declared a fully franked final dividend of 2.5 cents per share to the holders of fully paid ordinary shares, to be paid to shareholders on 1 October 2014. This dividend has not been included as a liability in these consolidated financial statements. The total estimated final dividend to be paid is \$8.330m. A dividend reinvestment plan will be in operation for this dividend.

Combined with the fully franked interim dividend of 3.5 cents per share paid to shareholders on 19 March 2014 (total dividend paid was \$11.064m), it takes the full year dividend to 6.0 cents per share (2013: dividend totalling 7.6 cents per share).

Calibre did not change its dividend policy during FY2014.

## Auditor independence and non-audit services

The auditor's independence declaration is included on page 43 of the annual Financial Report.

The following non-audit services were provided by the entity's auditor, Deloitte Touche Tohmatsu. 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 service provided means that auditor independence was not compromised.

Deloitte Touche Tohmatsu received or are due to receive the following amounts for the provision of non-audit services:

	2014 \$	2013 \$
Tax compliance	98,954	199,589
Other non-audit services	-	417,021
	98,954	616,610

<sup>1</sup> Audit Business Risk & Compliance Committee Meetings are held on an as-needs basis only. The Chairman considered only four such meetings were required during the year

<sup>2</sup> Nomination and Remuneration Committee meetings are held on an as-needs basis only

<sup>3</sup> Held during the time the Director held office or was a member of the committee during the year

<sup>4</sup> Appointed as Managing Director on 25 November 2013

# Directors' Report (continued)

## Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) and where noted (\$'000) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

## Remuneration Report (Audited)

This remuneration report for the year ended 30 June 2014 outlines the remuneration arrangements of the Company in accordance with the requirements of the 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 presented under the following sections:

1. Introduction
2. Remuneration governance
3. Senior Management remuneration arrangements
  - A. Remuneration principles and strategy
  - B. Approach to setting remuneration
  - C. Detail of the incentive scheme
4. Summary of Senior Management contractual arrangements
5. Non-executive Director remuneration arrangements
6. Remuneration outcomes for 2014
7. Additional statutory disclosures

### 1. 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 Company, directly or indirectly, including any Director (whether executive or otherwise) of the Calibre Group Ltd.

For the purposes of this report, the term "Senior Management" includes the Managing Director, Directors and other senior executives of the Company.

#### Directors

Ray Horsburgh AM	Chairman
Alex Williams	Non-Executive Director
Brian MacDonald	Non-Executive Director
Geoff Tomlinson	Non-Executive Director
Peter Housden	Non-Executive Director
Peter Reichler	Chief Executive Officer and Managing Director - appointed 25 November 2013
Ray Munro	Non-Executive Director

# Directors' Report (continued)

## Other Senior Management

Brett Maff	Chief Financial Officer, Calibre Group - resigned on 23 August 2013
Derek Brown	Managing Director, Calibre Global - appointed 4 June 2014
Gary Spence	Managing Director, Brown Consulting (Australia)
Mark Elliott	Chief Executive Officer, Calibre Global - ceased to be a KMP on 26 March 2014
Michael Crowe	Managing Director, G&S Engineering Services
Peter Massey	Chief Financial Officer, Calibre Group - appointed 13 February 2014
Ralf Mahncke	General Manager, People and Performance, Calibre Global - ceased to be a KMP with effect from 1 July 2013 and resigned on 4 October 2013

There were no changes to the KMP after the reporting date and before the date the financial report was authorised for issue.

## 2. Remuneration governance

### Remuneration Committee

The following people were members of the Committee from 1 July 2013 to date:

Geoff Tomlinson	(Chair of Committee)
Alex Williams	(Non-Executive Director)
Ray Munro	(Non-Executive Director)

The Remuneration Committee is governed by its Charter. The main function of the Committee is to assist the Board with a view to discharging its responsibilities to shareholders and other stakeholders to ensure that the Company:

- has coherent remuneration policies and practices that enable Calibre to attract and retain Senior Management who will create value for shareholders;
- fairly and responsibly remunerates Senior Management, having regard to the performance of Calibre, the performance of the Senior Management and general remuneration market conditions;
- has effective policies and practices to attract, retain and engage appropriately skilled and diverse personnel to meet Calibre's needs; and
- incorporates human capital and organisational issues into the overall business strategy.

## 3. Senior Management remuneration arrangements

For the year ended 30 June 2014, senior management remuneration had two components, being fixed remuneration and an incentive arrangement known as Calibre's short and long term incentive scheme. Details are set out below.

### 3A Remuneration principles and strategy

In determining Senior Management remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent;
- aligned to the company's strategic and business objectives and the creation of shareholder value;
- transparent; and
- acceptable to shareholders.

In the 10 years of the company's existence, employment contracts have been based on a total fixed remuneration philosophy; however, for the financial years 2012/13 the Company implemented a short term and long term incentive scheme ('scheme').



# Directors' Report (continued)

The Senior Management team and members of the Remuneration Committee have implemented the following remuneration framework:

Remuneration component	Vehicle	Purpose	Link to performance
Fixed remuneration (Total Annual Remuneration)	Comprises base salary, superannuation contributions and other benefits (such as parking, vehicle allowances, etc.).	To provide competitive fixed remuneration set with reference to role, market and experience.	Company and individual performance are considered during the annual remuneration review.
Calibre's short term and long term incentive scheme ('the Scheme')	<b>Short-term incentive (STI)</b> 50% of the STI will be paid in cash and the remaining 50% will be deferred into shares.	Rewards Senior Management for their contribution to achievement of Group and business unit outcomes, as well as individual key performance indicators (KPIs).	Defined performance hurdles being a mix of performance targets for Calibre (EBITDA & EPS) and for each individual participant.
	<b>Long term incentive (LTI)</b> One-off grant of performance rights that vest into Calibre shares following a three year performance period.	Provides equity to Senior Management, aligning reward with shareholder value creation and encourages longer-term decision-making.	Relative total shareholder return ("TSR") and compound annual EPS growth.

## 3B Approach to setting remuneration

In 2014, the Senior Management remuneration framework consisted of fixed and variable 'at-risk' remuneration (the Scheme).

When setting remuneration, the Company's aim is to ensure Senior Management is provided remuneration that reflects their position and responsibilities within the Company, and is aligned with the industry sector. External market data is used as a point of reference to determine an appropriate level of remuneration for Senior Management, whilst ensuring remuneration is positioned competitively against direct peers in the industry and the broader market.

Remuneration for Senior Management is reviewed annually, taking into consideration remuneration market trends, individual and company performance as well as the current economic environment.

## 3C Details of the Incentive Scheme

Seven senior managers were nominated into Calibre's short and long term incentive scheme. Outlined below is a summary of the Scheme:

### Short term incentive scheme

The value of the participant's short term incentive ("STI") will be equal to 50% of fixed remuneration. Subject to performance achievement, 50% of the STI will be paid in cash and the remaining 50% will be deferred into Calibre shares for a further two years. STI will be earned on the basis of Company performance and the delivery of earnings before interest tax and depreciation ("EBITDA") and earnings per share ("EPS") targets. Targets are tested at the end of a one year performance period. As the EBITDA and EPS targets were not achieved in FY2014, no STI was paid to Senior Management under this scheme.

### Long term incentive scheme

The value of a participant's long term incentive ("LTI") will be equal to 50% of fixed remuneration. Performance rights have been granted to participants, which vest into Calibre shares at the end of a three year performance period. Performance rights were granted in September 2012.

# Directors' Report (continued)

Performance measurement testing is to occur at the end of 30 June 2015, as follows:

Performance measure	% of LTI	Vesting schedule	
<b>Relative TSR</b> Calibre's TSR will be determined over the three year period and will be compared to the TSR of companies in the ASX 300 Industrials Comparator Group	50%	<b>Calibre %ile ranking</b>	<b>% of LTI to vest</b>
		75th%ile and above	100%
		51st to 75th%ile	Pro rata between 50-100%
<b>Compound annual EPS growth</b>	50%	<b>Calibre compound annual EPS growth</b>	<b>% of LTI to vest</b>
		15% and above	100%
		10% to 15%	Pro rata between 50-100%

Where these performance conditions are not satisfied, performance rights will lapse i.e. there is no performance retesting.

The Company reviews its Remuneration strategy, including incentive schemes, annually. For FY15, the Company intends to revise the components of its incentive schemes. At the time of this Directors' Report, it is developing incentive schemes comprising (i) an Employee Share Purchase Plan; (ii) a Short Term Incentive Plan; and (iii) a Long Term Incentive Plan.

## 4. Summary of Senior Management contractual arrangements

### CEO and Managing Director (appointed on 25 November 2013)

Peter Reichler's executive service agreement comprises an entitlement to an annual fixed remuneration of \$750,000 (inclusive of superannuation). The actual amount earned during the period is in the remuneration table on page 38.

### Other Key Management Personnel

Calibre's other KMP are employed under individual Executive Service Agreements, which contain standard terms and conditions on notice and termination provisions, restraint and confidentiality provisions and leave entitlements.

Specific terms and conditions of service agreements of KMP at the end of the financial year (other than the Managing Director, which is outlined above), are summarised in the table below:

Name	Position	Notice Period (by either party)	Restraint of Trade <sup>1</sup>
Derek Brown	Chief Executive Officer, Calibre Global	6 months	6 months
Gary Spence	Managing Director, Brown Consulting (Australia)	6 months	6 months
Michael Crowe	Managing Director, G&S Engineering	6 months	6 months
Peter Massey	Chief Financial Officer, Calibre Group	6 months	6 months
Peter Reichler	Chief Executive Officer and Managing Director, Calibre Group	6 months	6 months

<sup>1</sup> Restraint of trade can run consecutively after notice period

# Directors' Report (continued)

## 5. Non-executive Director remuneration arrangements

### Remuneration policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest quality at a cost that is acceptable to shareholders.

Under the Constitution, the Board decides the total amount paid to each Director as remuneration for their services as a Director of Calibre. The total amount paid to all Directors for their services, excluding the Managing Director, must not exceed in aggregate in any financial year the amount fixed by the Board. This amount has been fixed by Calibre at \$2,000,000.

Directors' fees will be reviewed annually and if the fees are to exceed the amount fixed by Calibre, shareholder approval at an Annual General Meeting (AGM) will be required.

### Structure

The remuneration of Non-Executive Directors (NEDs) consists of directors' fees and committee fees.

The table below outlines the Non-Executive Director, Board and Committee fees paid for the 2014 financial year:

Fees	\$
<strong>Board</strong>	
Chairman (includes committee fees)	327,000
Directors	163,500
<strong>Committee</strong>	
Committee chair	25,000
Committee member	10,000

The remuneration of Directors does not include a commission on, or a percentage of, profits or a percentage of operating revenue as is required under ASX Listing Rules. These amounts include superannuation at 9.25% of the respective amounts.

Refer to section 6 for remuneration outcomes for the NEDs during the 2014 financial year.

## 6. Remuneration outcomes for 2014

See below for summary information about Calibre's earnings and movements in shareholder wealth for the five years to 30 June 2014:

	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000
Revenue	709,268	711,289	560,876	295,744	146,650
NPAT	24,426	22,186	33,748	17,787	38,820
NPATA	34,598	36,311	46,701	27,292	42,280
Share price at start of year	\$0.32	\$1.19	n/a <sup>1</sup>	n/a <sup>1</sup>	n/a <sup>1</sup>
Share price at end of year	\$0.38	\$0.32	\$1.19 <sup>2</sup>	n/a <sup>1</sup>	n/a <sup>1</sup>
Interim dividend	3.5cps	5.8cps	n/a <sup>1</sup>	n/a <sup>1</sup>	n/a <sup>1</sup>
Final dividend	2.5cps	1.8cps	n/a <sup>1</sup>	n/a <sup>1</sup>	n/a <sup>1</sup>
Basic earnings per share	7.59cps	7.34cps	13.77cps	n/a <sup>1</sup>	n/a <sup>1</sup>
Diluted earnings per share	7.59cps	7.34cps	13.77cps	n/a <sup>1</sup>	n/a <sup>1</sup>

<sup>1</sup> Information prior to 8 August 2012 was unavailable as company was listed on this date.

<sup>2</sup> Share price at the date of listing on 7 August 2012.

# Directors' Report (continued)

2014	Short term benefits				Post employment	Long term benefits				Total	Performance related
	Salary & fees <sup>1</sup>	Cash bonus	Non monetary benefits <sup>2</sup>	Other <sup>3</sup>	Super-annuation	Cash incentives	Long service leave	Share based payments	Termination payments <sup>4</sup>		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Current Directors</b>											
Ray Horsburgh AM	299,314	-	-	19,291	27,687	-	-	-	-	346,292	0%
Alex Williams	158,810	-	-	-	14,690	-	-	-	-	173,500	0%
Brian MacDonald	158,810	-	-	-	14,690	-	-	-	-	173,500	0%
Geoff Tomlinson	172,540	-	-	-	15,960	-	-	-	-	188,500	0%
Peter Housden	188,500	-	-	-	-	-	-	-	-	188,500	0%
Peter Reichler <sup>5</sup>	400,887	-	-	19,883	17,384	-	-	29,167	-	467,321	6%
Ray Munro	505,310	-	-	-	14,690	-	-	-	-	520,000	0%
<b>Key Management Personnel</b>											
Brett Maff <sup>6</sup>	212,049	-	-	-	4,444	-	-	-	600,000	816,493	0%
Derek Brown <sup>7</sup>	24,643	-	-	1,890	2,280	-	-	-	-	28,813	0%
Gary Spence	364,883	-	1,192	-	25,000	-	1,175	30,368	-	422,618	7%
Mark Elliott <sup>8</sup>	536,654	-	-	10,426	18,750	-	-	-	-	565,830	0%
Michael Crowe	527,499	-	26,653	-	47,293	-	12,866	43,654	-	657,965	6%
Peter Massey <sup>9</sup>	120,398	-	-	7,642	11,137	-	-	-	-	139,177	0%
	3,670,297	-	27,845	59,132	214,005	-	14,041	103,189	600,000	4,688,509	

<sup>1</sup> salary and fees includes Directors fees, long service leave payout and fees paid under a consultancy agreement

<sup>2</sup> non-monetary benefits include vehicle allowances and car parking

<sup>3</sup> other includes accrued annual leave for the period and other benefits

<sup>4</sup> termination payments includes accrued salaries for notice/restraint of trade period

<sup>5</sup> Peter Reichler joined Calibre on 23 August 2013 and therefore was a KMP from that date onwards

<sup>6</sup> ceased to be a KMP with effect from 23 August 2013

<sup>7</sup> Derek Brown was appointed on 4 June 2014 as a Managing Director for Calibre Global and therefore was KMP from that date onwards

<sup>8</sup> ceased to be a KMP with effect from 26 March 2014

<sup>9</sup> Peter Massey was appointed on 13 February 2014 as Chief Financial Officer for Calibre Group and therefore was KMP from that date onwards

# Directors' Report (continued)

2013	Short term benefits				Post employment	Long term benefits			Termination payments <sup>5</sup>	Total	Performance related
	Salary & fees <sup>1</sup>	Cash bonus <sup>2</sup>	Non monetary benefits <sup>3</sup>	Other <sup>4</sup>	Super-annuation	Cash incentives	Long service leave	Performance rights			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Current Directors</b>											
Ray Horsburgh AM	314,821	-	-	-	12,179	-	-	-	-	327,000	0%
Ray Munro	556,509	-	12,682	-	16,283	-	-	-	-	585,474	0%
Brian MacDonald	159,174	-	-	-	14,326	-	-	-	-	173,500	0%
Alex Williams	159,174	-	-	-	14,326	-	-	-	-	173,500	0%
Geoff Tomlinson	172,883	-	-	-	15,617	-	-	-	-	188,500	0%
Peter Housden	188,500	-	-	-	-	-	-	-	-	188,500	0%
<b>Former Directors</b>											
Rod Baxter <sup>6</sup>	1,127,456	-	53,406	43,358	19,552	-	-	-	1,250,000	2,493,772	0%
Andrew Boyd	-	-	-	-	-	-	-	-	-	-	0%
Alex Krueger	-	-	-	-	-	-	-	-	-	-	0%
Anne McIntyre	-	-	-	-	-	-	-	-	-	-	0%
<b>Key Management Personnel</b>											
Brett Maff	578,534	-	3,406	56,270	16,470	-	-	45,552	-	700,232	7%
Mark Elliott <sup>7</sup>	260,420	-	-	19,159	15,638	-	-	-	-	295,217	0%
Gary Spence	377,463	-	31,331	32,720	24,145	-	8,260	30,368	-	504,287	6%
Mark Noppe <sup>8</sup>	246,777	-	-	21,746	29,613	-	-	30,368	-	328,504	10%
Michael Crowe	353,008	-	26,653	43,736	35,285	-	-	43,654	-	502,336	9%
Ralf Mahncke	346,211	76,227	3,406	22,651	16,868	-	-	-	-	465,363	0%
Don Johnson <sup>9</sup>	307,407	174,512	-	-	8,654	-	-	-	750,000	1,240,573	0%
Garth Higgs <sup>10</sup>	572,537	118,575	-	-	25,532	-	-	-	307,625	1,024,269	
	5,720,874	369,314	130,884	239,640	264,488	-	8,260	149,942	2,307,625	9,191,027	

<sup>1</sup> salary and fees includes Directors fees, long service leave payout and fees paid under consultancy agreement

<sup>2</sup> relates to bonus payments made during current year that were earned in 2012

<sup>3</sup> non-monetary benefits include vehicle allowances and car parking

<sup>4</sup> other includes accrued annual leave for the period and other benefits

<sup>5</sup> termination payments includes accrued salaries for notice/restraint of trade period

<sup>6</sup> ceased to be a KMP with effect from 17 June 2013

<sup>7</sup> Mark Elliott joined Calibre on 21 January 2013 and therefore was a KMP from that date onwards

<sup>8</sup> ceased to be a KMP with effect from 6 May 2013

<sup>9</sup> ceased to be a KMP with effect from 19 October 2012

<sup>10</sup> ceased to be a KMP with effect from 5 April 2013



# Directors' Report (continued)

## 7. Additional statutory disclosures

### Key Management Personnel equity holdings

The following table sets out each Director's relevant interest in the shares of the company or a related body corporate as at 30 June 2014:

2014	Balance at 1 July No.	Granted as Compensation No.	Net other change No.	Balance at 30 June No.
<b>Directors</b>				
Ray Horsburgh AM	446,160	-	125,588	571,748
Alex Williams	186,351,340	-	11,236,570	197,587,910
Brian MacDonald	17,785,951	-	1,880,518	19,666,469
Peter Housden	15,337	-	1,621	16,958
Peter Reichler	-	202,201	400,000	602,201
Ray Munro	34,564,060	-	3,654,483	38,218,543
<b>Other Senior Management</b>				
Brett Maff <sup>1</sup>	375,248	-	(375,248)	-
Derek Brown	-	-	-	-
Gary Spence	2,519,438	-	1,163,795	3,683,233
Mark Elliott <sup>1</sup>	100,000	-	(100,000)	-
Michael Crowe	2,375,631	-	-	2,375,631
Mark Noppe <sup>1</sup>	1,244,860	-	(1,244,860)	-
Peter Massey	-	-	19,400	19,400
Ralf Mahncke <sup>1</sup>	186,175	-	(186,175)	-
2013	Balance at 1 July No.	Granted as Compensation No.	Net other change No.	Balance at 30 June No.
<b>Directors</b>				
Ray Horsburgh AM	-	-	446,160	446,160
Alex Williams	186,351,340	-	-	186,351,340
Anne McIntyre <sup>2</sup>	1,117,500	-	(1,117,500)	-
Brian MacDonald	16,716,446	-	1,069,505	17,785,951
Peter Housden	-	-	15,337	15,337
Ray Munro	33,939,060	-	625,000	34,564,060
Rod Baxter <sup>2</sup>	1,677,210	-	(1,677,210)	-
<b>Other Senior Management</b>				
Brett Maff	183,825	-	191,423	375,248
Don Johnson <sup>2</sup>	80,275	-	(80,275)	-
Garth Higgs <sup>2</sup>	695,000	-	(695,000)	-
Gary Spence	714,285	-	1,805,153	2,519,438
Mark Elliott	-	-	100,000	100,000
Mark Noppe	1,244,860	-	-	1,244,860
Michael Crowe	-	-	2,375,631	2,375,631
Ralf Mahncke	186,175	-	-	186,175

<sup>1</sup> ceased to be a KMP during the financial year ended 30 June 2014.

<sup>2</sup> ceased to be a KMP during the financial year ended 30 June 2013.

# Directors' Report (continued)

## Key Management Personnel performance right holdings

2014	Balance at 1 July No.	Granted as Compensation No.	Vested during the year No.	Forfeited during the year No.	Balance at 30 June No.
Brett Maff	184,049	-	-	(184,049) <sup>1</sup>	-
Gary Spence	122,699	-	-	-	122,699
Mark Noppe	122,699	-	-	(122,699) <sup>1</sup>	-
Michael Crowe	176,380	-	-	-	176,380

2013	Balance at 1 July No.	Granted as Compensation No.	Vested during the year No.	Forfeited during the year No.	Balance at 30 June No.
Brett Maff	-	184,049	-	-	184,049
Gary Spence	-	122,699	-	-	122,699
Mark Noppe	-	122,699	-	-	122,699
Michael Crowe	-	176,380	-	-	176,380
Rod Baxter	-	368,098	-	(368,098)	-
Don Johnson	-	230,061	-	(230,061)	-
Garth Higgo	-	184,049	-	(184,049)	-

## Share based payment

On 25 November 2013, Mr Peter Reichler was granted 202,201 Calibre shares as part of his remuneration package. Fair value of these shares on grant date was \$100,000. These shares are subject to a two year escrow and continued employment with the company.

## Loans to Key Management Personnel

No loans were provided to Key Management Personnel during the period.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors



Ray Horsburgh AM  
Chairman  
27 August 2014

<sup>1</sup> ceased to be a KMP during the financial year ended 30 June 2014

# Directors' Declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;
- (c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act.

At the date of this declaration, the Company is within the class of companies affected by ASIC.

Class Order 98/1418. The nature of the deed of cross guarantee is such that each Company that is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the Companies to which the ASIC Class Order applies, as detailed in note 33 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Ray Horsburgh AM  
Chairman  
27 August 2014

# Auditor's Independence Declaration

**Deloitte.**

Deloitte Touche Tohmatsu  
ABN 74 490 121 060

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The Board of Directors  
Calibre Group Limited  
Level 2, 50 St Georges Terrace  
Perth WA 6000

27 August 2014

Dear Board Members

## **Calibre Group Limited**

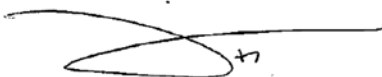
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Calibre Group Limited.

As lead audit partner for the audit of the financial statements of Calibre Group Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU



**Darren Hall**  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited





“We are very satisfied with the strong operating cash flows achieved over the year, which are up 50%.”

Peter Massey - Chief Financial Officer

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

27 August 2014

Dear Board Members

Calibre Group Limited

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

As lead audit partner for the audit of the financial statements of Calibre Group Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Darren Hall

Partner

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

# Consolidated Statement of Financial Position

As at 30 June 2014

Chartered Accountants

	Note	2014 \$000	2013 \$000
<b>Continuing operations</b>			
Revenue	6	709,268	711,289
Cost of providing services		(544,150)	(524,710)
<b>Gross profit</b>		<b>165,118</b>	<b>186,579</b>
Other gains	7(f)	994	6,580
Marketing expenses		(877)	(886)
Occupancy expenses		(19,974)	(16,545)
Administration expenses	7(a)	(119,286)	(139,690)
Restructuring expenses		(7,098)	(7,176)
Finance costs	7(b)	(6,126)	(7,197)
<b>Profit before income tax</b>		<b>12,751</b>	<b>21,665</b>
Income tax benefit	8(a)	11,675	521
<b>Profit for the year</b>		<b>24,426</b>	<b>22,186</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations	23	69	226
<b>Total comprehensive income for the year</b>		<b>24,495</b>	<b>22,412</b>
<b>Profit attributable to:</b>			
Owners of the Company		24,140	21,900
Non-controlling interests	25	286	286
		<b>24,426</b>	<b>22,186</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		24,209	22,126
Non-controlling interests	25	286	286
		<b>24,495</b>	<b>22,412</b>

		Cents	Cents
Basic earnings per share (cents per share)	10	7.59	7.34
Diluted earnings per share (cents per share)	10	7.59	7.34

	Note	2014 \$000	2013 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	46,403	50,215
Trade and other receivables	12	81,778	108,375
Work in progress	13	16,932	10,889
Other assets	14	2,836	3,420
Current tax assets	8(c)	506	-
<b>Total current assets</b>		<b>148,455</b>	<b>172,899</b>

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

Non-current assets				
Other receivables	15		180	616
Property, plant and equipment	16		29,207	35,174
Goodwill	17		179,624	177,559
Other intangible assets	17		19,344	30,856
Investments	18		300	300
Deferred tax assets	8(d)		13,848	12,227
Total non-current assets			242,503	256,732
TOTAL ASSETS			390,958	429,631
LIABILITIES				
Current liabilities				
Trade and other payables	19		72,754	83,354
Bank borrowings	20		17,431	29,958
Deferred acquisition consideration	20		1,848	19,691
Derivative financial instruments			683	1,131
Provisions	21		20,716	21,043
Current tax liabilities	8(c)		-	102
Total current liabilities			113,432	155,279
Non-current liabilities				
Bank borrowings	20		26,177	43,205
Deferred acquisition consideration	20		929	501
Deferred tax liability	8(d)		10,128	12,002
Provisions	21		8,136	6,593
Total non-current liabilities			45,370	62,301
TOTAL LIABILITIES			158,802	217,580
NET ASSETS			232,156	212,051
EQUITY				
Issued capital	22		143,388	130,234
Reserves	23		3,278	2,971
Retained earnings	24		85,310	77,901
Equity attributable to owners of the parent			231,976	211,106
Non-controlling interests	25		180	945
TOTAL EQUITY			232,156	212,051

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

	Ordinary Shares	Retained earnings	Foreign Currency Translation Reserve	Contribution by equity participants reserve	Share based payments reserve	Non- controlling interests	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Balance at 1 July 2012</b>	<b>46,410</b>	<b>73,829</b>	<b>24</b>	<b>948</b>	<b>1,773</b>	<b>659</b>	<b>123,643</b>
Payment of dividends	-	(17,828)	-	-	-	-	(17,828)
Profit for the period	-	21,900	-	-	-	286	22,186



# Consolidated Statement of Cash Flows

For the year ended 30 June 2014

Other comprehensive income	-	-	226	-	-	-	226
Total comprehensive income for the year	-	21,900	226	-	-	286	22,412
Issue of share capital	89,186	-	-	-	-	-	89,186
Share issue costs	(5,362)	-	-	-	-	-	(5,362)
Share based payment transactions	-	-	-	-	-	-	-
	83,824	-	-	-	-	-	83,824
<b>Balance at 30 June 2013</b>	<b>130,234</b>	<b>77,901</b>	<b>250</b>	<b>948</b>	<b>1,773</b>	<b>945</b>	<b>212,051</b>
Payment of dividends	-	(16,597)	-	-	-	(407)	(17,004)
Profit for the period	-	24,140	-	-	-	286	24,426
Other comprehensive income	-	-	69	-	-	-	69
Total comprehensive income for the year	-	24,140	69	-	-	286	24,495
Issue of share capital	13,254	-	-	-	-	-	13,254
Treasury shares	(100)	-	-	-	-	-	(100)
Acquisition of non controlling interest	-	(134)	-	-	-	(644)	(778)
Share based payment transactions	-	-	-	-	238	-	238
	13,154	(134)	-	-	238	(644)	12,614
<b>Balance at 30 June 2014</b>	<b>143,388</b>	<b>85,310</b>	<b>319</b>	<b>948</b>	<b>2,011</b>	<b>180</b>	<b>232,156</b>

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

# Notes to Financial Statements

For the year ended 30 June 2014

	Note	2014 \$000	2013 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		804,129	734,386
Payments to suppliers and employees (inclusive of GST)		(743,132)	(660,128)
Interest paid		(5,988)	(6,161)
Income tax refund/(paid)		8,300	(25,804)
Net cash generated by operating activities	11(a)	63,309	42,293
<b>Cash flows from investing activities</b>			
Payment for business combinations, net of cash received	29	(3,153)	(33,593)
Payment for acquisition of non-controlling interest	25	(542)	-
Payment of deferred acquisition consideration	20	(20,250)	(30,520)
Repayment of loans to related parties		545	-
Interest received		775	1,499
Purchase of property, plant, equipment and software		(6,314)	(12,438)
Proceeds from sale of property, plant, equipment and software		474	490
Net cash used in investing activities		(28,465)	(74,562)
<b>Cash flows from financing activities</b>			
Payment of dividends		(3,988)	(17,828)
Proceeds from issue of shares (net of share issue costs)		-	69,616
Proceeds from borrowings		-	61,782
Repayment of borrowings		(34,668)	(82,331)
Net cash (used in)/generated by financing activities		(38,656)	31,239
Net decrease in cash and cash equivalents		(3,812)	(1,030)
Cash and cash equivalents at beginning of year		50,215	51,245
Cash and cash equivalents at the end of the year	11	46,403	50,215

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

## 1. Corporate Information

Calibre Group Limited (the "Company") is a limited company incorporated and domiciled in Australia. The ultimate parent entity of Calibre Group Limited at the reporting date was FR Calibre B.V.

The consolidated financial statements of the Company as at 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group entities").

The registered office and principal place of business of Calibre Group Limited is located at:

Level 2  
50 St Georges Terrace  
Perth WA 6000

The nature of the operations and principal activities of the company are described in the Directors' Report.

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

## 2. Summary of Significant Accounting Policies

### a) Statement of compliance

These financial statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of Calibre. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and Calibre comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 27 August 2014.

### b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Calibre takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 2. Summary of Significant Accounting Policies (continued)

### c) Application of new and revised Accounting Standards

#### New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

In the current year, Calibre has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

#### Standards affecting presentation and disclosure

AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	This standard removes the individual Key Management Personnel disclosure requirements in AASB 124 'Related Party Disclosures'. As a result Calibre only discloses the Key Management Personnel compensation in total and for each of the categories required in AASB 124.  In the current year, the individual Key Management Personnel disclosure previously required by AASB 124 is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.
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# Notes to Financial Statements (continued)

For the year ended 30 June 2014

AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'	<p>The Annual Improvements to AASBs 2009-2011 have made a number of amendments to AASBs. The amendments that are relevant to Calibre are the amendments to AASB 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.</p>
AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039'	<p>This standard makes an amendment to AASB 1048 'Interpretation of Standards' following the withdrawal of Australian Interpretation 1039 'Substantive Enactment of Major Tax Bills in Australia'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.</p>
AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)	<p>This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors.</p> <p>As a result, the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.</p>



# Notes to Financial Statements (continued)

For the year ended 30 June 2014

## 2. Summary of Significant Accounting Policies (continued)

### c) Application of new and revised Accounting Standards (continued)

#### New and revised standards on consolidation, joint arrangements, associates and disclosures

In August 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements', AASB 12 'Disclosure of Interests in Other Entities', AASB 127 (as revised in 2011) 'Separate Financial Statements' and AASB 128 (as revised in 2011) 'Investments in Associates and Joint Ventures'. Subsequent to the issue of these standards, amendments to AASB 10, AASB 11 and AASB 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

In the current year, Calibre has applied for the first time AASB 10, AASB 12 and AASB 128 (as revised in 2011), together with the amendments to AASB 10 and AASB 12 regarding the transitional guidance. AASB 127 (as revised in 2011) is not applicable to Calibre as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	<p>AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation - Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee. Some guidance included in AASB 10 that deals with whether or not an investor that owns less than 50 per cent of the voting rights in an investee has control over the investee is relevant to Calibre.</p> <p>The adoption of AASB 10 'Consolidated Financial Statements' does not have any material impact on the consolidated financial statements.</p>
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	<p>AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.</p>
AASB 2012-10 'Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments'	<p>This standard amends AASB 10 and various Australian Accounting Standards to revise the transition guidance on the initial application of those Standards. This standard also clarifies the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of this amending standard does not have any material impact on the consolidated financial statements.</p>

## 2. Summary of Significant Accounting Policies (continued)

### c) Application of new and revised Accounting Standards (continued)

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

Calibre has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Calibre has not made any new disclosures required by AASB 13 for the 2013 comparative period. Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

## Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 14 'Regulatory Deferral Accounts'	1 January 2017	30 June 2017
AASB 2013-3 'Amendments to AASB 135 - Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards - Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

## 2. Summary of Significant Accounting Policies (continued)

### c) Application of new and revised Accounting Standards (continued)

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Narrow-scope amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014	30 June 2015
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014	30 June 2015
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014	30 June 2015
IFRS 15 'Revenue from Contracts with customers'	1 January 2017	1 January 2018

### d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; and
- rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

### e) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by Calibre, liabilities incurred by Calibre to the former owners of the acquiree and the equity instruments issued by Calibre in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of Calibre entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

## 2. Summary of Significant Accounting Policies (continued)

### e) Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by Calibre in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139 'Financial Instruments: Recognition and Measurement', or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, Calibre's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when Calibre attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Calibre reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations that took place prior to 1 July 2009 were accounted for in accordance with the previous version of AASB 3 'Business Combinations'.

### f) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of Calibre's cash-generating units, (or groups of cash-generating units), that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.



# Notes to Financial Statements (continued)

For the year ended 30 June 2014

Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## 2. Summary of Significant Accounting Policies (continued)

### g) Intangibles

#### Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation (where applicable) and impairment losses, on the same basis as intangible assets that are acquired separately.

A summary of the useful lives applied to Calibre's intangible assets is as follows:

Class of intangible assets	Useful life
Software	3 years
Licence	Indefinite
Customer Relationship	3 years

#### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, Calibre reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, Calibre estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## 2. Summary of Significant Accounting Policies (continued)

### **h) Foreign currencies**

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of Calibre's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

### **i) Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### **j) Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'loans and receivables', 'held-to-maturity investments', and 'available-for-sale' (AFS) financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### **(i) Effective interest rate method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

## 2. Summary of Significant Accounting Policies (continued)

### j) **Financial assets** (continued)

#### (ii) **Loans and receivables**

Trade receivables, loans and other receivables that have fixed or determinative payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### (iii) **Financial assets at FVTPL**

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that Calibre manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with Calibre's documented risk management or investment strategy, and information about Calibre is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

#### (iv) **Held to maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that Calibre has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

#### (v) **AFS financial assets**

Listed shares held by Calibre that are traded in an active market are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss.

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when Calibre's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost under AASB 139.46(c) 'financial instruments'.

## 2. Summary of Significant Accounting Policies (continued)

### j) Financial assets (continued)

#### (vi) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Calibre's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect to AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect to AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

#### (vii) Derecognition of financial assets

Calibre derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Calibre neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, Calibre recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If Calibre retains substantially all the risks and rewards of ownership of a transferred financial asset, Calibre continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

## 2. Summary of Significant Accounting Policies (continued)

### j) Financial assets (continued)

#### (vii) Derecognition of financial assets (continued)

On derecognition of a financial asset other than in its entirety (e.g. when Calibre retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and Calibre retains control), Calibre allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and, any cumulative gain or loss allocated to it that had been recognised in other comprehensive income, is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### k) Financial liabilities and equity instruments

#### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Calibre are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

#### Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

#### (i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that Calibre manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with Calibre's documented risk management or investment strategy, and information about Calibre is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.



# Notes to Financial Statements (continued)

For the year ended 30 June 2014

The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

## 2. Summary of Significant Accounting Policies (continued)

### k) Financial liabilities and equity instruments (continued)

#### (ii) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### (iii) Derecognition of financial liabilities

Calibre derecognises financial liabilities when, and only when, Calibre's obligations are discharged, cancelled or they expire.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### l) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

#### Depreciation

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The useful lives applied to Calibre's major category of property, plant and equipment are as follows:

Class of fixed asset	Useful life
Plant and equipment	Over 5 to 15 years
Leasehold improvements	Life of lease
Motor vehicles	4 years
Computer equipment	2.5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### m) Borrowing costs

Borrowing costs are recognised in profit and loss in the period in which they are incurred.

### n) Provisions

Provisions are recognised when Calibre has a present obligation (legal or constructive) as a result of a past event, it is probable that Calibre will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## 2. Summary of Significant Accounting Policies (continued)

### **o) Employee benefits**

A liability is recognised for benefits accruing to employees in respect to wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect to short-term employee benefits, are measured at their nominal values using the remuneration value expected to apply at the time of settlement.

Liabilities recognised in respect to long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by Calibre in respect to services provided by employees up to the reporting date. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

### **Share-based payments transactions of the Company**

Equity settled share-based payments transactions of the Company to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on Calibre's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, Calibre revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

### **p) Contributed equity**

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

### **q) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

#### **(i) Rendering of services**

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Revenue from time and materials contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.
- Where the outcome of a fixed price contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.
- Where the outcome of a fixed price contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

#### **(ii) Interest**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to Calibre and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

## **(iii) Dividends**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to Calibre and the amount of income can be measured reliably).

## **2. Summary of Significant Accounting Policies (continued)**

### **r) Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leasee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of Calibre at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with Calibre's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### **s) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Calibre's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where Calibre is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Calibre expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Calibre intends to settle its current tax assets and liabilities on a net basis.

## 2. Summary of Significant Accounting Policies (continued)

### s) **Taxation** (continued)

#### **Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case current and deferred tax are also recognised in other comprehensive income or directly in equity retrospectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### t) **Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- for receivables and payables, which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

## 3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

### **Useful lives of finite life intangible assets**

Calibre reviews the estimated useful lives of acquired finite life intangible assets at the end of each reporting period. Refer to Note 2 (g) for further details.

### **Share based payment transactions**

Calibre measures the cost of equity settled share based payment transactions with employees by reference to the fair value of the equity instrument at the date on which they are granted. Calibre uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of the performance rights. The Directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the performance rights. Refer to Note 2 (o) for further details.

### **Business combinations**

Calibre accounts for acquisitions of businesses using the acquisition method and, accordingly, most assets and liabilities of the acquired entities are recorded at their estimated fair value of the net assets. The Directors of Calibre believe that the valuation techniques and assumptions used are appropriate in determining the fair value of the assets and liabilities of acquired entities. Refer to Note 2 (e) and 2 (f)

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

for further details.

## Impairment of goodwill and intangible assets

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Directors of Calibre to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

## Revenue recognition

Calibre's accounting policy for revenue recognition is set out in Note 2(q). The application of this policy requires management to make certain estimates and assumptions as to the stage of completion of the activity at the end of the reporting period. When the outcome of the contract cannot be measured reliably, revenue is recognised only to the extent of contract costs incurred that are likely to be recovered. Any expected loss on a contract is recognised immediately in the profit or loss.

## 3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

### Research and development tax incentives

Calibre's research and development activities are eligible under an Australian Government tax incentive for eligible expenditure from 1 July 2011. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive program. The amount estimated by Management is subject to interpretation. For the year ended 30 June 2014, Calibre has made its estimate based on the claims where full assessment and documentation has been completed and accordingly these amounts represent claims lodged.

## 4. Financial Risk Management

Calibre's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Calibre's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Calibre. Calibre uses different methods to measure different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with Calibre Finance Department under the authority of the Board. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit allowances, and future cash flow forecast projections.

Categories of Financial Instruments	2014 \$000	2013 \$000
<strong>Financial Assets</strong>		
Cash and cash equivalents	46,403	50,215
Trade and other receivables	81,858	108,991
Investments	300	300
	<hr/> 128,561	<hr/> 159,506
<strong>Financial Liabilities</strong>		
Trade and other payables	61,300	72,796
Bank borrowings	43,608	73,163
Interest rate swaps	683	1,131
Deferred acquisition consideration	2,777	20,192
	<hr/> 108,368	<hr/> 167,282

### (i) Foreign currency risk



# Notes to Financial Statements (continued)

For the year ended 30 June 2014

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. Calibre operates internationally but has minimal exposure to foreign exchange risk as the majority of transactions, assets and liabilities are in its functional currency.

## 4. Financial Risk Management (continued)

### (ii) Interest rate risk

At the end of the reporting period, the interest rate profile of Calibre's interest bearing financial instruments as reported to the management of Calibre was as follows:

	2014		2013	
	Average interest rate	Balance \$000	Average interest rate	Balance \$000
<b>Financial assets</b>				
Cash and cash equivalents	2.7%	46,403	3.31%	50,215
<b>Financial liabilities</b>				
Hire purchase agreements	6.2%	(1,293)	8.96%	(9,691)
Bank loans	4.76%	(42,315)	4.44%	(63,472)
		2,795		(22,948)

Other than cash and other short term deposits, all Calibre's financial assets are non-interest bearing. Other than the hire purchase agreements and bank loans, all Calibre's financial liabilities are non-interest bearing.

### Cash flow sensitivity analysis for variable rate instruments

As at 30 June 2014, for the balances above, if interest rates had changed by +/- 100 basis points from the year end rates with all other variables held constant, post-tax profit/(loss) for the year would have been \$20,000 lower/higher (2013: \$161,000). This would be a result of higher/lower interest revenue on deposits and higher/lower interest expense on borrowings.

### Interest rate swap contracts

Under interest rate swap contracts, Calibre agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable Calibre to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

### (iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Calibre. Certain businesses within Calibre are largely reliant on a small number of customers which increases the concentration of credit risk; however, as Calibre deals mainly with large reputable clients, the concentration of credit risk is minimised. Management does not expect any losses as a result of counterparty default.

At reporting date, there was no significant concentration of credit risk at group level as all cash and cash equivalents were held in AA & A+ credit rated banks (S&P). The maximum exposure to credit risk is represented by the carrying amount of each financial asset, in the statement of financial position.

Receivables balances are monitored on an ongoing basis, with the result that Calibre's experience of bad debts has not been significant. The receivable balances are held in the same currency as the functional currency of the entities to which they relate, therefore there is no foreign currency risk. Refer to Note 12 for a breakdown of debtors by ageing.

### (iv) Liquidity risk

Liquidity risk is the inability to access funds, both anticipated and unforeseen, which may lead to Calibre being unable to meet its

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

obligations in an orderly manner as they arise.

Calibre's liquidity position is managed to ensure sufficient funds are available to meet financial commitments in a timely and cost-effective manner. Calibre is primarily funded through on going cash flow, debt funding and equity capital raisings, as and when required.

Management regularly monitors actual and forecast cash flows to manage liquidity risk.

## 4. Financial Risk Management (continued)

### (iv) Liquidity risk (continued)

The table below analyses Calibre's financial liabilities into relevant maturity groups based on their contractual maturities:

2014	Carrying Amount \$000	Contracted Cash Flows \$000	Less than 1 month \$000	1-3 months \$000	3 months - 1 year \$000	1 - 5 years \$000
Trade and Other Payables	61,300	61,300	61,300	-	-	-
Bank Borrowings	43,608	43,608	-	4,231	12,693	26,684
Deferred Consideration	2,777	2,777	-	-	2,627	150
	107,685	107,685	61,300	4,231	15,320	26,834

2013	Carrying Amount \$000	Contracted Cash Flows \$000	Less than 1 month \$000	1-3 months \$000	3 months - 1 year \$000	1 - 5 years \$000
Trade and Other Payables	72,796	72,796	72,796	-	-	-
Bank Borrowings	73,163	73,163	1,299	6,369	21,754	43,741
Deferred Consideration	20,192	20,510	8,000	-	-	12,510
	166,151	166,469	82,095	6,369	21,754	56,251

### (v) Fair value of financial instruments

This note provides information about how Calibre determines fair values of various financial assets and financial liabilities.

#### Fair value of Calibre's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of Calibre's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used):

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2014	2013				
Interest rate swaps	Liability \$683	Liability \$1,131	Level 2	Discounted cash flow	N/A	N/A

#### FAIR VALUE HIERARCHY AS AT 30 JUNE 2014

30 June 2014	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Financial liabilities at FVTPL</b>				
Interest rate swaps	-	683	-	683

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

statements approximate their fair values.

## 4. Financial Risk Management (continued)

### (vi) Capital risk management

Calibre manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of its equity balance.

Calibre's Board of Directors reviews the capital structure of Calibre and, as a part of this review, considers the cost of capital and the risk associated with each class of capital. There were no changes in Calibre's approach to capital management during the year.

Calibre's capital structure consists of debt, which includes the borrowings disclosed in Note 20, cash and cash equivalents, equity attributable to the equity holders of the parent comprising issued capital and reserves and retained earnings.

The Company is not subject to externally imposed capital requirements. The gearing ratio at the end of the reporting period was as follows:

	2014 \$000	2013 \$000
Cash and cash equivalents	46,403	50,215
Less Debt	(43,608)	(73,163)
Net cash/(debt)	2,795	(22,948)
Net debt plus equity	229,361	234,999
Net debt to net debt plus equity	(1.2%)	9.8%

## 5. Segment information

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

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

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

The following are the reportable segments:

### Infrastructure

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

### Resources

This segment provides an engineering, project delivery and asset management services to the minerals and metals, coal and energy, rail transportation and infrastructure sectors.

### Consulting

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

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

The accounting policies used by Calibre in reporting internally are the same as those contained in Note 2 to the accounts and prior period, except for the unallocated items detailed below.

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

- Restructuring expenses;
- Interest receivable and payable; and
- Amortisation of intangible assets.

## 5. Segment information (continued)

Following is an analysis of Calibre's revenue and results from continuing operations by reportable segment.

Reportable Segment Revenues and Results	Segment Revenue		Segment Profit (Loss)	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Resources	311,931	493,003	18,209	40,108
Consulting	68,569	55,800	4,764	3,237
Infrastructure	329,216	166,170	17,963	6,784
Other	(1,220)	(5,192)	(1,747)	(1,761)
Segment revenue and results for the period	708,496	709,782	39,189	48,368
Restructuring expenses			(7,098)	(7,176)
Change in fair value of deferred consideration			546	6,341
Amortisation of intangible assets			(14,532)	(20,178)
Interest income			772	1,507
Finance costs			(6,126)	(7,197)
Profit before tax for the year			12,751	21,665

Segment Assets	2014 \$000	2013 \$000
Resources	216,654	215,605
Consulting	40,404	27,065
Infrastructure	72,432	57,096
Other	61,468	129,865
Consolidated Total Assets	390,958	429,631

Geographical information	Segment revenue from external customers		Total assets	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Australia - Country of domicile	694,441	705,315	383,192	427,298
Other	14,055	4,467	7,766	2,333
Total	708,496	709,782	390,958	429,631

### Major Customers

Calibre has three major customers to which it provides its services. The proportion of total revenue that these customers account for is 39% and \$275.8m, 25% and \$177.2m and 7% and \$46.5m (2013: 36% and \$255.7m, 16% and \$111.5m and 14% and \$100.7m respectively).

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

## 6. Revenue

	Note	2014 \$000	2013 \$000
<b>Revenue</b>			
Revenue from services		708,496	709,782
<b>Other revenue</b>			
Interest income		772	1,507
		<b>709,268</b>	<b>711,289</b>

## 7. Expenses

### a) Administration Expenses

Administrative costs		23,263	32,742
Personnel expenses		68,193	75,046
Depreciation and amortisation expenses	7(c)	27,830	31,902
		<b>119,286</b>	<b>139,690</b>

### b) Finance costs

Interest expense		5,622	6,108
Unwinding of discount on deferred acquisition consideration		211	1,011
Borrowing costs		293	78
		<b>6,126</b>	<b>7,197</b>

### c) Depreciation and amortisation

Depreciation		13,298	11,724
Amortisation of intangible assets		14,532	20,178
		<b>27,830</b>	<b>31,902</b>

### d) Lease payments and other expenses

Operating lease rentals		<b>24,167</b>	<b>20,713</b>
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### e) Employee benefit expense

Share based payment - Equity settled		238	-
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# Notes to Financial Statements (continued)

For the year ended 30 June 2014

Defined contribution plans	21,066	17,263
Termination benefits	14,787	9,966
Salaries & wages	297,245	218,105
	<b>333,336</b>	<b>245,334</b>

## f) Other gains

Change in fair value of contingent consideration	546	6,341
Change in fair value of interest rate swaps	448	239
	<b>994</b>	<b>6,580</b>

## 8. Income taxes

### a) Income tax recognised in profit or loss

The major components of income tax expense are:

	2014 \$000	2013 \$000
<b>Current tax</b>		
Current income tax charge	(8,044)	(10,670)
Adjustments in respect of current tax of previous years	15,794	2,858
	<b>7,750</b>	<b>(7,812)</b>
<b>Deferred tax</b>		
Movement in deferred tax expense recognised in the current year	4,143	8,197
Adjustments in respect of deferred tax in previous years	(218)	136
	<b>3,925</b>	<b>8,333</b>
Income tax benefit reported in the income statement	<b>11,675</b>	<b>521</b>

### b) A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the consolidated entity's applicable income tax rate is as follows:

Accounting profit before income tax	12,751	21,665
Income tax expense calculated at rate of 30% (2013: 30%)	(3,825)	(6,500)
Effect of expenses that are not deductible in determining taxable profit	(526)	(502)
Change in fair value of deferred consideration	164	1,902
Effect of tax losses of subsidiaries operating in other jurisdictions	217	-
Effect of share based payment expense	(71)	1,069
Effect of research and development expenditure in relation to current and prior years	15,766	3,531
Adjustment recognised in the current year in relation to prior years	-	1,134
Sundry items	(50)	(113)
Income tax reported in the consolidated income statement	<b>11,675</b>	<b>521</b>

### c) Current tax assets/liabilities

	2014 \$000	2013 \$000
Income tax receivable /(payable)	506	(102)

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

## 8. Income taxes (continued)

### (d) Deferred tax balances

#### Deferred tax asset

2013	Opening balance \$000	Acquisitions \$000	Recognised in profit or loss \$000	Other \$000	Closing balance \$000
Provision for accrued expenses	988	1,500	(1,980)	-	508
Provision for employee entitlements	2,685	3,214	44	-	5,943
Property, plant & equipment	182	98	302	-	582
Unearned revenue	-	2,230	(1,084)	-	1,146
Other	2,005	443	(562)	2,162	4,048
	5,860	7,485	(3,280)	2,162	12,227

2014	Opening balance \$000	Acquisitions \$000	Recognised in profit or loss \$000	Other \$000	Closing balance \$000
Provision for accrued expenses	508	69	1,199	-	1,776
Provision for employee entitlements	5,943	141	(268)	-	5,816
Property, plant & equipment	582	-	591	-	1,173
Unearned revenue	1,146	-	(296)	-	850
Other	4,048	25	160	-	4,233
	12,227	235	1,386	-	13,848

#### Deferred tax liability

2013	Opening balance \$000	Acquisitions \$000	Recognised in profit or loss \$000	Other \$000	Closing balance \$000
WIP	(8,187)	(1,330)	5,440	-	(4,077)
Property, plant and equipment	-	(508)	12	-	(496)
Customer relationship intangible	(6,957)	(5,730)	6,052	(471)	(7,106)
Other	(271)	(25)	(27)	-	(323)
	(15,415)	(7,593)	11,477	(471)	(12,002)

2014	Opening balance \$000	Acquisitions \$000	Recognised in profit or loss \$000	Other \$000	Closing balance \$000
WIP	(4,077)	(556)	(1,855)	-	(6,488)
Property, plant and equipment	(496)	-	(35)	-	(531)
Customer relationship intangible	(7,106)	(500)	4,360	-	(3,246)
Other	(323)	173	287	-	137

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

	(12,002)	(883)	2,757	-	(10,128)
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## 8. Income taxes (continued)

### e) Unrecognised deferred tax assets

There are no unrecognised tax losses at 30 June 2014 (2013: nil).

### f) Unrecognised temporary differences

At 30 June 2014, there are no unrecognised temporary differences associated with Calibre's investment in subsidiaries, as Calibre has no liability for additional taxation should unremitted earnings be remitted (2013: \$nil).

### g) Tax consolidation

#### Relevance of tax consolidation to Calibre

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2008 and are therefore, taxed as a single entity from that date. The head entity within the tax-consolidated group is Calibre Group Limited. The members of the tax-consolidated group are identified in note 33. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of Calibre in relation to the tax contribution amounts paid or payable

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

## **Nature of tax funding arrangements and tax sharing agreements**

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Calibre Group Limited and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

## 9. Auditors remuneration

### **Deloitte Touche Tohmatsu**

	2014 \$	2013 \$
Audit and other assurance services	255,000	323,000
Taxation services	98,954	199,589
Other services	-	417,021
Total remuneration of Deloitte Touche Tohmatsu	<b>353,954</b>	<b>939,610</b>

## 10. Earnings per share

	2014 Cents per share	2013 Cents per share
Basic earnings per share (using weighted average number of shares)	7.59	7.34
Diluted earnings per share (using weighted average number of shares)	7.59	7.34

### **a) Earnings used in calculating earnings per share**

	2014 \$000	2013 \$000
<b>For basic earnings per share</b>		
Net profit attributable to ordinary equity holders of the parent	24,140	21,900
<b>For diluted earnings per share</b>		

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

Net profit attributable to ordinary equity holders of the parent	24,140	21,900
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## b) Weighted average number of shares used

	2014 No. Shares	2013 No. Shares
Weighted average number of shares used in calculating basic and diluted earnings per share	318,108,009	298,360,204
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	318,108,009	298,360,204

## 11. Cash and cash equivalents

	2014 \$000	2013 \$000
Cash on hand	30	49
Cash at bank	46,373	50,166
	<b>46,403</b>	<b>50,215</b>

## Reconciliation of net profit after tax to net cash flows from operation

	2014 \$000	2013 \$000
Net profit	24,426	22,186
<b>Adjustments for:</b>		
Depreciation of non-current assets	13,298	11,724
Amortisation of intangible assets	14,532	20,177
Interest received classified as investing cash flow	(775)	(1,499)
Non-cash interest expense	211	1,011
Non-cash share based remuneration expensed	238	-
Restructuring provision	7,098	6,407
Change in fair value of contingent consideration	(546)	(6,341)
Other	(451)	631
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in trade receivables	35,768	13,092
(Increase)/decrease in work in progress	(4,621)	11,673
(Increase)/decrease in other assets	(2,225)	(100)
(Increase) in deferred tax assets/liabilities	(2,756)	(4,184)
Increase/(decrease) in trade and other creditors	(22,509)	(8,574)
Increase/(decrease) in current tax liability	(1,983)	(23,638)
Increase/(decrease) in employee entitlements	3,604	(272)
Net cash flow from operating activities	<b>63,309</b>	<b>42,293</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the



# Notes to Financial Statements (continued)

For the year ended 30 June 2014

consolidated entity, and earn interest at the respective short-term deposit rates.

## 12. Trade and other receivables

	2014 \$000	2013 \$000
Trade receivables	77,175	104,322
Sundry receivables	4,603	4,053
	<b>81,778</b>	<b>108,375</b>

Trade receivables are non-interest bearing and are on terms of either 14 days (effective) or 30 days. Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

As at 30 June, the ageing analysis of trade receivables is as follows:

			Past due but not impaired		
	Total \$000	Current \$000	30 days \$000	60 days \$000	60 days + \$000
<b>2014</b>	77,175	60,852	4,003	3,388	8,932
<b>2013</b>	104,322	44,638	53,400	2,303	3,981

A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. Impairment loss of \$3.5m was recognised in the current year (2013: nil).

## 13. Work in progress

	2014 \$000	2013 \$000
Work in progress	16,237	10,253
Inventory	695	636
	<b>16,932</b>	<b>10,889</b>

## 14. Other assets

	2014 \$000	2013 \$000
Prepayments	2,836	3,420

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

2,836

3,420

## 15. Other receivables

	2014 \$000	2013 \$000
Loans under the executive share acquisition plan	-	616
Other receivables	180	-
	<b>180</b>	<b>616</b>

In the 2012/13 financial year, Calibre provided several of its Key Management Personnel with long-term loans at rates in accordance with the fringe benefit tax statutory interest rate of 7.4 % (2013: 7.4%). The loans were repaid in 2014.

## 16. Property, Plant & Equipment

	Plant & Equipment \$000	Computer Hardware \$000	Motor vehicles \$000	Leasehold improvements \$000	Assets under construction \$000	Total \$000
<b>Balance at 1 July 2012</b>	<b>1,862</b>	<b>2,283</b>	<b>712</b>	<b>4,789</b>	<b>99</b>	<b>9,745</b>
Additions	1,739	2,525	586	966	1,980	7,796
Disposals	(40)	(78)	(394)	(36)	-	(548)
Acquisitions through business combinations	15,077	975	8,158	3,263	-	27,473
Depreciation expense	(2,781)	(2,703)	(1,190)	(2,618)	-	(9,292)
<b>Balance at 30 June 2013</b>	<b>15,857</b>	<b>3,002</b>	<b>7,872</b>	<b>6,364</b>	<b>2,079</b>	<b>35,174</b>
Cost	30,696	10,485	10,782	10,511	2,079	64,553
Accumulated depreciation	(14,839)	(7,483)	(2,910)	(4,147)	-	(29,379)
<b>Net carrying amount</b>	<b>15,857</b>	<b>3,002</b>	<b>7,872</b>	<b>6,364</b>	<b>2,079</b>	<b>35,174</b>
<b>Balance at 1 July 2013</b>	<b>15,857</b>	<b>3,002</b>	<b>7,872</b>	<b>6,364</b>	<b>2,079</b>	<b>35,174</b>
Additions	1,463	2,013	591	703	(802)	3,968
Disposals	(217)	(240)	(353)	(55)	-	(865)
Acquisitions through business combinations	449	129	283	267	-	1,128
Depreciation expense	(3,981)	(2,019)	(1,937)	(2,300)	-	(10,237)
Effect of foreign exchange differences	17	4	10	8	-	39
<b>Balance at 30 June 2014</b>	<b>13,588</b>	<b>2,889</b>	<b>6,466</b>	<b>4,987</b>	<b>1,277</b>	<b>29,207</b>
Cost	34,129	17,296	11,519	11,392	1,277	75,613
Accumulated depreciation	(20,541)	(14,407)	(5,053)	(6,405)	-	(46,406)

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

Net carrying amount	13,588	2,889	6,466	4,987	1,277	29,207
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## Assets pledged as security

As at 30 June 2014, Calibre had two bank loans: a working capital facility and an acquisition facility, and both loans are secured with a fixed and floating charge over the assets of the Calibre Group companies. Calibre also has hire purchase agreements which are secured over the assets to which they relate. Refer to Note 20 for further details.

## 17. Intangible Assets and Goodwill

	Software \$000	Licences \$000	Customer Relationship \$000	Goodwill \$000	Total \$000
<b>Balance at 1 July 2012</b>	<b>2,890</b>	<b>81</b>	<b>23,188</b>	<b>138,304</b>	<b>164,463</b>
Additions	6,087	-	-	-	6,087
Disposals	-	-	-	-	-
Acquisitions through business combinations	548	-	20,672	39,255	60,475
Amortisation expense	(2,432)	-	(20,178)	-	(22,610)
<b>Balance at 30 June 2013</b>	<b>7,093</b>	<b>81</b>	<b>23,682</b>	<b>177,559</b>	<b>208,415</b>
Cost	13,984	81	79,951	177,559	271,575
Accumulated amortisation	(6,891)	-	(56,269)	-	(63,160)
<b>Net carrying amount</b>	<b>7,093</b>	<b>81</b>	<b>23,682</b>	<b>177,559</b>	<b>208,415</b>
<b>Balance at 1 July 2013</b>	<b>7,093</b>	<b>81</b>	<b>23,682</b>	<b>177,559</b>	<b>208,415</b>
Additions	4,416	-	-	-	4,416
Disposals	-	-	-	-	-
Acquisitions through business combinations	-	-	1,665	2,065	3,730
Amortisation expense	(3,061)	-	(14,532)	-	(17,593)
<b>Balance at 30 June 2014</b>	<b>8,448</b>	<b>81</b>	<b>10,815</b>	<b>179,624</b>	<b>198,968</b>
Cost	18,400	81	81,616	179,624	279,721
Accumulated amortisation	(9,952)	-	(70,801)	-	(80,753)
<b>Net carrying amount</b>	<b>8,448</b>	<b>81</b>	<b>10,815</b>	<b>179,624</b>	<b>198,968</b>

### a) Impairment tests for Goodwill

Goodwill acquired through business combinations has been allocated to the following Cash Generating Units (CGUs) for impairment testing:

Carrying amounts of goodwill allocated to each CGU:	2014 \$000	2013 \$000
Resources	81,589	81,589

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

Consulting	59,691	57,626
Infrastructure	38,344	38,344
	179,624	177,559

The recoverable amount of all CGUs is determined based on a value in use calculation using cash flow projections as at 30 June 2014 based on the financial budgets approved by the Board covering a one year period. The long term growth rate used to extrapolate the cash flows of Calibre beyond the one year period considers the industry outlook and market conditions.

## 17. Intangible Assets and Goodwill (continued)

### b) Key assumptions used for value in use calculations

The calculations of value in use for all CGUs are most sensitive to the following assumptions:

- Revenue and gross margin
- Discount rates
- Inflation rates
- Growth rates

#### Revenue

Value in use model is based on a Budget approved by the Board and Management. The forecast budget process was developed based on revenue expectations for the year, built around existing customer contracts along with the potential to develop new markets and sustain growth. Gross margins were calculated on historical values.

#### Discount rates

Discount rates (determined on a pre-tax basis) represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of Calibre and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity and has been calculated at 15.9%. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available marked data.

#### Growth rates

The growth rates of 2% are based on Calibre's estimates, taking into consideration historical performances as well as expected long term operational conditions.

### c) Impairment charge

No impairment charge was deemed necessary based on calculations.

### d) Impact of possible changes in key assumptions

With regard to the assessment of the value in use of the CGUs, Management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

Assuming all other assumptions remain constant but growth rate is nil, no CGU would be impaired.

Assuming all other assumptions remain constant but the discount rate increased by 5%, no CGU would be impaired.

## 18. Investments

	2014 \$000	2013 \$000
Available for sale - unlisted units and shares	300	300

## 19. Trade and other payables

	2014 \$000	2013 \$000
Trade creditors and accruals	59,577	63,412
Sundry creditors	2,476	1,838
GST payables	2,953	4,186
Deferred income	7,748	13,918
	<b>72,754</b>	<b>83,354</b>

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value. Current payables are on 30-45 day payment terms.

## 20. Borrowings

	2014 \$000	2013 \$000
<b>Unsecured - at amortised cost</b>		
Deferred acquisition consideration (i)	2,777	20,192
<b>Secured - at amortised cost</b>		
Bank loans	42,315	63,472
Finance leases and hire purchase liabilities	1,293	9,691
	<b>43,608</b>	<b>73,163</b>
<b>Total borrowings</b>	<b>46,385</b>	<b>93,355</b>
<b>Current</b>		
Bank borrowings	16,926	25,389
Finance leases and hire purchase liabilities	505	4,569
	<b>17,431</b>	<b>29,958</b>
Deferred acquisition consideration	1,848	19,691
<b>Non current</b>		
Bank borrowings	25,389	38,083
Finance leases and hire purchase liabilities	788	5,122
	<b>26,177</b>	<b>43,205</b>
Deferred acquisition consideration	929	501



# Notes to Financial Statements (continued)

For the year ended 30 June 2014

## 20. Borrowings (continued)

### (i) Deferred acquisition consideration movements:

	2014 \$000	2013 \$000
Balance at 1 July	20,192	45,005
Additional deferred consideration from acquisitions	3,170	11,037
Finance costs	211	1,011
Change in fair value of deferred consideration	(546)	(6,341)
Payments	(20,250)	(30,520)
<b>Balances at 30 June</b>	<b>2,777</b>	<b>20,192</b>

### Financing facilities available

At the reporting date, the following financing facilities had been negotiated and were available:

	2014 \$000	2013 \$000
Acquisition facility	42,314	64,000
Working capital facility	30,000	30,000
Bank guarantee facility	65,000	65,000
Assets finance facility	15,000	15,000
<b>Total facilities</b>	<b>152,314</b>	<b>174,000</b>
Facilities used at reporting date	(84,791)	(111,199)
<b>Facilities unused at reporting date</b>	<b>67,523</b>	<b>62,801</b>

Calibre has an acquisition facility, working capital facility, and a bank guarantee facility. The weighted average effective interest rate on the acquisition facility is 4.7% (2013: 4.4%). The working capital facility remained unused at the reporting date. All facilities are secured with fixed and floating charges over the assets of the Calibre Group companies.

Finance leases and hire purchase liabilities are secured over the assets that they relate to. The borrowings are on a fixed interest rate with terms no longer than five years.

## 21. Provisions

	2014 \$000	2013 \$000
<b>Current</b>		
Employee entitlements	12,724	13,692
Other	7,992	7,351
	<b>20,716</b>	<b>21,043</b>
<b>Non Current</b>		
Employee entitlements	8,136	6,593
	<b>8,136</b>	<b>6,593</b>

Movements in provisions: There are no other non-employee related provisions.

Nature and timing of provisions: Refer to Note 2(o) for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

## 22. Issued capital

	2014 \$000	2013 \$000
- 331,463,407 (2013: 307,378,401) fully paid ordinary shares	143,388	130,234

	Number of Shares	Share Capital \$000
<b>Fully paid ordinary shares</b>		
<b>Balance at 1 July 2012</b>	<b>247,180,236</b>	<b>46,410</b>
Issue of shares	60,198,165	89,186
Share issue costs	-	(5,362)
<b>Balance at 30 June 2013</b>	<b>307,378,401</b>	<b>130,234</b>
Issue of shares	25,619,546	13,254
Treasury shares	(1,534,540)	(100)
<b>Balance at 30 June 2014</b>	<b>331,463,407</b>	<b>143,388</b>

Holders of ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

## 23. Reserves

	2014 \$000	2013 \$000
Foreign currency translation reserve	319	250
Contribution by equity participants reserve	948	948
Share based payment reserve	2,011	1,773
	<b>3,278</b>	<b>2,971</b>

### Foreign currency translation reserve

Balance at beginning of the year	250	24
Currency translation difference arising during the year	69	226
<b>Balance at end of year</b>	<b>319</b>	<b>250</b>

### Contribution by equity participants reserve

Balance at beginning of the year	948	948
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# Notes to Financial Statements (continued)

For the year ended 30 June 2014

Balance at end of year	<b>948</b>	<b>948</b>
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## Share based payment reserve

Balance at beginning of the year	1,773	1,773
Recognition of share based payment	238	-
Transferred to issued capital	-	-
Balance at end of year	<b>2,011</b>	<b>1,773</b>

## 23. Reserves (continued)

### Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of Calibre's foreign operations from their functional currencies to Calibre's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

### Contribution by equity participants reserve

The contribution by equity participants reserve relates to a share swap arrangement where the remaining 10% holding of Calibre Projects Pty Ltd was acquired in consideration for 5% of Calibre Group Limited on 1 July 2009.

### Share based payment reserve

The share based payments reserve relates to rights granted by the Company to certain executives and senior employees under its performance rights plan. Further information about the share-based payments is set out in Note 26.

## 24. Retained earnings

	<b>2014 \$000</b>	<b>2013 \$000</b>
Balance at the beginning of the year	77,901	73,829
Payment of dividends	(16,597)	(17,828)
Net profit	24,140	21,900
Acquisitions	(134)	-
Total available for appropriation	<b>85,310</b>	<b>77,901</b>

## 25. Non-controlling interests

	<b>2014 \$000</b>	<b>2013 \$000</b>
Balance at the beginning of the year	945	659
Acquisition of non-controlling interests (i)	(407)	-
Payment of dividends	(644)	-
Share of profit for the year	286	286
Balance at end of year	<b>180</b>	<b>945</b>

- (i) Calibre Global Pty Ltd acquired 25% of the remaining interest in Brown Consulting (Singapore) Pte Ltd for a consideration of \$0.5m. Fair value of non-controlling interest at the date of acquisition was \$0.4m. Excess paid over fair value of non-controlling interest is recognised in equity.

Brown Consulting (Australia) Pty Ltd and Calibre Global Pty Ltd hold 75.1% of Brown Consulting (Singapore) Pte Ltd.

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

## 26. Share based payments

On 25 November 2013, Mr Peter Reichler was granted 202,201 Calibre Group Ltd shares as part of his remuneration package. Fair value of these shares on grant date was \$100,000. These shares are subject to a two year escrow and continued employment with the company.

### Movements in performance rights issued during the year

	2014 Number of Rights	2013 Number of Rights
Balance at the beginning of the year	605,827	-
Granted during the year	-	1,388,035
Forfeited during the year	(184,049)	(782,208)
Exercised during the year	-	-
Balance at the end of the year	421,778	605,827
Exercisable at end of year	<b>421,778</b>	<b>605,827</b>

## 27. Key Management Personnel

### Details of Key Management Personnel

The Directors and other members of Key Management Personnel of Calibre during the year were:

#### Directors

Ray Horsburgh AM	Chairman
Alex Williams	Non-Executive Director
Brian MacDonald	Non-Executive Director
Geoff Tomlinson	Non-Executive Director
Peter Housden	Non-Executive Director
Peter Reichler	Chief Executive Officer and Managing Director - appointed 25 November 2013
Ray Munro	Non-Executive Director

#### Other Senior Management

Brett Maff	Chief Financial Officer, Calibre Group - resigned on 23 August 2013
Derek Brown	Managing Director, Calibre Global - appointed 4 June 2014
Gary Spence	Managing Director, Brown Consulting (Australia)
Mark Elliott	Chief Executive Officer, Calibre Global - ceased to be a KMP on 26 March 2014

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

Michael Crowe                      Managing Director, G&S Engineering Services  
Peter Massey                      Chief Financial Officer, Calibre Group - appointed 13 February 2014  
Ralf Mahncke                      General Manager, People and Performance, Calibre Global  
   - ceased to be a KMP on 1 July 2013 and resigned on 4 October 2013.

Key Management Personnel compensation	2014 \$000	2013 \$000
Short-term employee benefits	3,757,274	6,460,712
Post-employment benefits	214,005	264,488
Other long-term benefits	14,041	8,260
Termination benefits	600,000	2,307,625
Share-based payment	103,189	149,942
	<b>4,688,509</b>	<b>9,191,027</b>

Refer to the remuneration report contained in the Directors' Report for details of remuneration paid or payable to each member of Calibre's Key Management Personnel.

## 28. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between Calibre and other related parties are disclosed below.

### Trading transactions

There were no trading transactions with related parties during the year.

### Loans to related parties

Refer to Note 15 for details of loans to related parties.

### Key Management Personnel compensation

Details of Key Management Personnel compensation are disclosed in the Remuneration report.

### Key Management Personnel equity holdings

Details of Key Management Personnel equity holdings are disclosed in the Remuneration report.

## 29. Business combinations

### Businesses acquired

<sup>1</sup> Issue of shares was made at the market value of shares at the time of issue

<sup>2</sup> These payments are payable if certain acquisition metrics are met.

Based on the past history, the Directors consider it probable that these payments will be paid.



# Notes to Financial Statements (continued)

For the year ended 30 June 2014

	Principal activity	Date of acquisition	Proportion of shares acquired	Consideration assumed \$000
<b>2014</b>				
E-Tec Consultants	Engineering	July 13	N/A <sup>1</sup>	3,356
Spiire New Zealand Ltd	Engineering	February 14	100%	1 984
				5,340
<b>2013</b>				
G&S Engineering Services Pty Ltd	Engineering	October 12	100%	61,703
Other acquisitions	Engineering	July 12	N/A <sup>1</sup>	2,728
				64,431

These companies were acquired as part of Calibre's growth and diversification strategy.

## 29. Business combinations (continued)

### Consideration transferred

<b>2014</b>			Total \$000
Cash			3,409
Contingent and deferred consideration arrangement			1,931
Total			5,340

<b>2013</b>	G&S Engineering \$000	Other acquisitions \$000	Total \$000
Cash	36,217	1,921	38,138
Issued shares <sup>1</sup>	14,186	-	14,186
Contingent consideration arrangement <sup>2</sup>	10,526	807	11,333
Adjustment and retention amount	774	-	774
Total	61,703	2,728	64,431

Acquisition-related costs amounting to \$387,871 (2013: \$662,590) have been excluded from the consideration transferred and have been recognised as an expense in the year, within the 'administration expenses' line item in the statement of comprehensive income.

### Assets acquired and liabilities assumed at the date of acquisition

<b>2014</b>	Total \$000
Cash and cash equivalents	256
Trade and other receivables	2,538
Other current assets	1,718
Property, plant and equipment	1,128
Deferred tax assets	235

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

Fair value of identifiable intangible assets acquired (customer relationship)	1,665
Trade and other payables	(2,790)
Provisions	(592)
Deferred tax liability	(883)
	<u>3,275</u>

## 29. Business combinations (continued)

2013	G&S Engineering \$000	Other acquisitions \$000	Total \$000
Cash and cash equivalents	4,545	-	4,545
Trade and other receivables	44,139	-	44,139
Work in progress	5,206	-	5,206
Inventories	536	-	536
Property, plant and equipment	28,021	226	28,247
Deferred tax assets	7,485	-	7,485
Fair value of identifiable intangible assets acquired (customer relationship)	18,600	500	19,100
Trade and other payables	(25,887)	-	(25,887)
Provisions	(11,542)	(156)	(11,698)
Derivative financial instruments	(1,369)	-	(1,369)
Borrowings	(35,875)	-	(35,875)
Current tax liability	(3,057)	-	(3,057)
Deferred tax liability	(7,443)	(150)	(7,593)
	<u>23,359</u>	<u>420</u>	<u>23,779</u>

### Goodwill arising on acquisition

2014	Total \$000
Consideration transferred	5,340
Less: fair value of identifiable net assets acquired	<u>(3,275)</u>
Goodwill arising on acquisition	2,065

Goodwill arising on acquisitions in the year comprises the value of expected in-sourced specialist capabilities and new market opportunities.

2013	G&S Engineering \$000	Other acquisitions \$000	Total \$000
------	--------------------------	-----------------------------	----------------

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

Consideration transferred	61,703	2,728	64,431
Less: fair value of identifiable net assets acquired	(23,359)	(420)	(23,779)
Goodwill arising on acquisition	38,344	2,308	40,652

## Net cash outflow on acquisition of subsidiaries

	2014 \$000	2013 \$000
Consideration paid in cash	3,409	38,138
Less: cash and cash equivalent balances acquired	(256)	(4,545)
	3,153	33,593

## 29. Business combinations (continued)

### Impact of acquisitions on the results of Calibre

#### 2014

Included in the profit before tax for the year is \$0.8m attributable to acquisitions during the year.

Had these business combinations been effected at 1 July 2013, the revenue of Calibre from continuing operations would have been \$729.4m and the net profit before tax for the year from continuing operations would have been \$11.9m.

#### 2013

Included in the profit before tax for the year is \$6.8m attributable to G&S Engineering Services Pty Ltd and other acquisitions.

Had these business combinations been effected at 1 July 2012, the revenue of Calibre from continuing operations would have been \$782m and the net profit before tax for the year from continuing operations would have been \$18.8m.

## 30. Commitments and contingencies

Operating lease commitments	2014 \$000	2013 \$000
Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:		
Within 1 year	16,761	15,167
After 1 year but not more than 5 years	51,144	43,275
More than 5 years	31,136	33,464
	<b>99,041</b>	<b>91,906</b>

Refer to Note 7 (d) for details of operating lease payments recognised as an expense.

### Finance Lease commitments

Within 1 year	505	4,033
After 1 year but not more than 5 years	788	5,122
	1,293	9,155

Refer to Note 20 for lease terms.

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

### Capital expenditure commitments

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

There are no capital commitments at 30 June 2014 (2013: nil).

## Other expenditure commitments

There are no other expenditure commitments at 30 June 2014 (2013: nil).

## 31. Contingent assets and liabilities

### Financial guarantees

Calibre has provided the following guarantees related to leases/ project performance bonds that commit Calibre to make payments on behalf of these entities upon failure to perform under the terms of the relevant contracts.

	2014 \$000	2013 \$000
Guarantees relating to leases/project performance bonds	42,477	40,921

## 32. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting policies relating to Calibre.

### Financial Position

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

	2014 \$000	2013 \$000
Current assets	41,718	36,908
Non-current assets	139,272	208,029
Total assets	180,990	244,937
<b>Liabilities</b>		
Current liabilities	60,563	180,370
Non-current liabilities	25,425	38,895
Total liabilities	85,988	219,265
<b>Equity</b>		
Issued capital	143,387	130,234
Retained earnings	(51,344)	(107,283)
<b>Reserves</b>		
Foreign currency translation	-	-
Contribution by equity participants	948	948
Share based payments	2,011	1,773
Total equity	95,002	25,672

## Financial Performance

	2014 \$000	2013 \$000
Loss for the year	10,783	31,493
Other comprehensive income	-	-
Total comprehensive income	10,783	31,493

## 32. Parent entity information (continued)

Operating lease commitments of the parent entity	2014 \$000	2013 \$000
Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:		
Within 1 year	-	-
After 1 year but not more than 5 years	-	-
More than 5 years	-	-
	-	-

### Capital expenditure of the parent

There are no capital commitments at 30 June 2014 (2013: nil).

### Other expenditure commitments of the parent

There are no other expenditure commitments at 30 June 2014 (2013: nil).

### Contingent liabilities of the parent entity



# Notes to Financial Statements (continued)

For the year ended 30 June 2014

	2014 \$000	2013 \$000
Guarantees relating to leases	-	-

## 33. Subsidiaries

Details of Calibre's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation	Proportion of ownership interest and voting power held by Calibre	
			2014	2013
Calibre Global Pty Ltd	Engineering	Australia	100%	100%
Calibre Projects Pty Ltd	Engineering	Australia	100%	100%
Calibre Global Pte Ltd	Engineering	Singapore	100%	100%
PT Calibre Projects (Indonesia)	Engineering	Indonesia	100%	100%
Calibre Systems Pty Ltd	Engineering	Australia	100%	100%
Xstract Mining Consultants Pte Ltd	Geology Consultancy	Singapore	100%	100%
Calibre Project Services Pty Ltd	Engineering	Australia	100%	100%
Calibre Controls Pty Ltd	Engineering	Australia	100%	100%
Calibre Safety Services Pty Ltd	Safety consulting	Australia	100%	100%
Safety & Rescue Australia Pty Ltd	Safety consulting	Australia	100%	100%
Safety & Rescue Pty Ltd	Safety consulting	Australia	100%	100%
Calibre Minerals & Energy Pty Ltd	Engineering	Australia	100%	100%
Calibre Rail Holdings Pty Ltd	Rail	Australia	100%	100%
Calibre Rail Pty Ltd	Rail	Australia	100%	100%
Joharko Projects Pty Ltd	Engineering	Australia	100%	100%
Joharko International Pty Ltd	Engineering	Australia	100%	100%

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

Minerva Engineers Pty Ltd	Engineering	Australia	100%	100%
Calibre Global E.S.S. Pty Ltd	Engineering	Australia	100%	100%
Xstract Mining Consultants Pty Ltd	Mining	Australia	100%	100%
Brown Consulting (Aust) Pty Ltd	Engineering	Australia	100%	100%
Brown Consulting (Singapore) Pte Ltd	Engineering	Singapore	75.1%	50.1%
Brown Consulting (QLD) Pty Ltd	Engineering	Australia	100%	100%
Brown Consulting (NSW) Pty Ltd	Engineering	Australia	100%	100%
Paul Davis Rajalingam Consulting Engineers Pty Ltd	Engineering	Australia	100%	100%
Smart Civil Pty Ltd	Engineering	Australia	100%	100%
Brown Consulting (VIC) Pty Ltd	Engineering	Australia	100%	100%
Tomkinson Holdings Pty Ltd	Engineering	Australia	100%	100%
Tomkinson Pty Ltd	Engineering	Australia	100%	100%
Brown Consulting (ACT) Pty Ltd	Engineering	Australia	100%	100%
WP Brown & Partners Pty Ltd	Engineering	Australia	100%	100%
Calibre Operations (UK) Ltd	Engineering	UK	100%	100%
Calibre Operations (Mauritius)	Engineering	Mauritius	100%	100%
Calibre Operations (South Africa)	Engineering	South Africa	100%	100%
Calibre Operations Mozambique Limitada	Engineering	Mozambique	100%	100%
G&S Engineering Services Pty Ltd	Engineering	Australia	100%	100%
G&S Services Electrical Pty Ltd	Engineering	Australia	100%	100%
G&S Mining Services Pty Ltd	Engineering	Australia	100%	100%
Resources Risk Solutions Pty Ltd	Engineering	Australia	100%	100%
Spiire New Zealand Limited	Engineering	New Zealand	100%	-

## 33. Subsidiaries (continued)

These wholly-owned subsidiaries have entered into a deed of cross guarantee with Calibre Group Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report. The G&S Engineering Services Group became a party to the deed of cross guarantee during the 2014 financial year.

The above companies represent a 'closed group' for the purposes of the Class order, and as there are no other parties to the deed of the cross guarantee that are controlled by Calibre Group Limited, they also represent the 'extended closed group'.

The consolidated income statement and consolidated statement of financial position of the entities party to the deed of cross guarantee are:

### Consolidated statement of profit or loss and other comprehensive income

	2014 \$000	2013 \$000
Revenue	696,390	705,973
Cost of providing services	(534,313)	(520,787)
Other gains	994	6,580
Marketing expenses	(717)	(886)
Occupancy expenses	(19,405)	(16,756)
Administration expenses	(117,507)	(137,667)
Restructuring expenses	(7,098)	(7,176)

# Notes to Financial Statements (continued)

For the year ended 30 June 2014

Finance costs	(6,123)	(7,119)
<b>Profit before income tax</b>	<b>12,221</b>	<b>22,162</b>
Income tax benefit	11,958	521
<b>Net profit for the year</b>	<b>24,179</b>	<b>22,683</b>
Other comprehensive income		
Exchange differences on translation of foreign operations	63	(226)
<b>Total comprehensive income for the year</b>	<b>24,242</b>	<b>22,457</b>

## 33. Subsidiaries (continued)

### Consolidated statement of financial position

	2014 \$000	2013 \$000
<b>ASSETS</b>		



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

### *Report on the Financial Report*

We have audited the accompanying financial report of Calibre Group Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 42 to 93.

### *Directors' Responsibility for the Financial Report*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited

# Audit Report (continued)

## Deloitte

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

### *Auditor's Independence Declaration*

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

### *Opinion*

In our opinion:

- (a) the financial report of Calibre Group Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2(b).


### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 33 to 41 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 Calibre Group Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu  
DELOITTE TOUCHE TOHMATSU



**Darren Hall**  
Partner  
Chartered Accountants  
Perth, 27 August 2014

# Shareholdings

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

## Auditor's Independence Declaration

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

## Opinion

In our opinion:

- (a) the financial report of Calibre Group Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2(b).

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 18 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 Calibre Group Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

DELOITTE TOUCHE TOHMATSU



# The Board



**Board Members Left to Right:**

Ray Horsburgh AM, Peter Reichler, Ray Munro, Peter Housden, Brian MacDonald, Geoff Tomlinson and Alex Williams.

## Corporate Governance

The Board of Directors of Calibre Group Limited (the “Company”) is responsible for the overall corporate governance of the Company. The Board places its highest priority on observing best practice in corporate governance.

The Board has created a framework for managing Calibre, including adopting relevant internal controls, risk management processes and corporate governance policies and practices appropriate for Calibre’s business. They are designed to promote the responsible management and conduct of Calibre. This framework is constituted primarily by the Company’s Constitution, its Code of Conduct, its Board Charter and Sub-Committee Charters, and its comprehensive corporate governance policies and procedures.

The Board has adopted early and implemented the *Corporate Governance Principles and Recommendations (3rd edition)* (Principles) of the ASX Corporate Governance Council to the extent considered appropriate for the size and nature of the Company’s current operations and to the extent possible given the timing of their release.

Early adoption has provided the option of publishing Calibre’s Corporate Governance Statement on the Calibre Group website at **[www.calibregroup.com/investor-centre/corporate-governance](http://www.calibregroup.com/investor-centre/corporate-governance)**.

It is to be noted that the 3rd edition of the Principles was issued in March 2014. In most cases Calibre is able to demonstrate consistency with all the Principles for the full reporting period 1 July 2013 to 30 June 2014. Explanations as to the ruling Calibre practices during the reporting period are provided in the Corporate Governance statement. Any exceptions to the Principles are highlighted in the Corporate Governance Statement.

