

# APPENDIX 4E

For the year ended 30 June 2017

Brierty Limited

ABN 65 95 459 448



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This information should be read in conjunction with the Brierty Limited's preliminary final report for the full-year ended 30 June 2017.

Results for announcement to the market

<b>Full year ended 30 June</b>	<b>2016</b>	<b>2017</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>%</b>
Revenue from ordinary activities	down from \$212,550,322	to \$126,449,049	(41%)
Profit/(loss) from ordinary activities after tax attributable to members	down from loss of (\$52,377,096)	to loss of (\$2,900,321)	N/A
Net profit/(loss) for the period attributable to members	down from loss of (\$52,377,096)	to loss of (\$2,900,321)	N/A

## Previous corresponding period

The previous corresponding period is the full-year ended 30 June 2016.

## Dividends

No dividends have been declared for the full-year ended 30 June 2017. For the previous corresponding period, no dividends was paid.

## Net tangible asset backing

Net tangible asset backing per ordinary share: \$0.01 (2016: -\$0.04).

## Audit

This report is based on accounts which are in the process of being audited.

## Commentary on results for the period

Brierty advises that an audit on its financial accounts for the full-year ended 30 June 2017 has not been completed.

The pre-tax profit for the year ended 30 June 2017 was \$7.1M.

In addition, Brierty is required by accounting standards to assess the carrying value of the Deferred Tax Asset on its balance sheet. As a result, Brierty has written down the value of its DTA by \$10 million.

Detailed commentary on the results for the full-year is contained in the ASX announcement and the unaudited preliminary accounts that accompany this announcement.

**Brierty Limited**  
**Consolidated statement of comprehensive income**  
**For the full-year ended June 2017**  
**UNAUDITED**

	2017	2016
	\$	\$
Revenue from services and land sales	126,449,049	212,550,322
Cost of services and sales	(109,582,003)	(221,734,878)
Gross margin on services and land sales	<u>16,867,046</u>	<u>(9,184,556)</u>
Other income	1,751,283	1,300,151
Administration expenses	(12,432,985)	(17,928,727)
Finance costs	(4,893,114)	(4,528,494)
Impairment of property, plant, equipment and inventory	5,809,401	(34,370,861)
<b>Profit from continuing operations before income tax</b>	<u>7,101,631</u>	<u>(64,712,487)</u>
Income tax (expense)/benefit	(10,001,952)	12,335,391
Profit from continuing operations after tax	<u>(2,900,321)</u>	<u>(52,377,096)</u>
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<u>(2,900,321)</u>	<u>(52,377,096)</u>

**Earnings per share for profit attributable to the ordinary equity holders of the company**

	Cents	Cents
Basic earnings per share	(2.28)	(41.14)
Diluted earnings per share	(2.28)	(41.14)

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

**Brierty Limited**  
**Consolidated statement of financial position**  
**As at June 2017**  
**UNAUDITED**

	2017	2016
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	78,266	802,199
Trade and other receivables	13,099,581	31,519,857
Contracts in progress and inventories	11,369,584	7,047,604
Prepayments	1,210,525	1,400,264
Current tax receivable	0	362,221
Assets held for Sale	10,910,974	0
Land held for development	10,939,787	15,435,997
<b>Total current assets</b>	<b>47,608,717</b>	<b>56,568,142</b>
<b>Non-current assets</b>		
Property, plant and equipment	21,721,741	34,787,593
Work in progress and inventories	4,315,497	16,615,860
Trade and other receivables	130,550	0
Deferred tax assets	0	10,001,952
<b>Total non-current assets</b>	<b>26,167,788</b>	<b>61,405,405</b>
<b>Total assets</b>	<b>73,776,505</b>	<b>117,973,547</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	27,140,182	49,056,009
Bank overdraft	6,242,966	21,502,750
Borrowings	26,335,882	12,588,344
Current tax liabilities		
Provisions	2,660,148	13,530,684
Contract income in advance	229,000	1,953,837
<b>Total current liabilities</b>	<b>62,608,178</b>	<b>98,631,624</b>
<b>Non-current liabilities</b>		
Borrowings	8,719,250	14,645,301
Deferred tax liabilities		
Provisions	924,646	271,874
<b>Total non-current liabilities</b>	<b>9,643,896</b>	<b>14,917,175</b>
<b>Total liabilities</b>	<b>72,252,074</b>	<b>113,548,799</b>
<b>Net assets</b>	<b>1,524,431</b>	<b>4,424,748</b>
<b>EQUITY</b>		
Contributed equity	37,194,172	37,194,172
Reserves	500,191	500,191
Retained earnings/(accumulated losses)	(36,169,932)	(33,269,615)
<b>Total equity</b>	<b>1,524,431</b>	<b>4,424,748</b>

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

Brierty Limited  
Consolidated statement of change in equity  
As at June 2017  
UNAUDITED

	Contributed equity	Employee Equity Benefits Reserve	Retained earnings	Total equity
	\$	\$	\$	\$
<b>Balance at 1 July 2015</b>	37,148,672	500,191	19,107,481	56,756,344
(Loss) for period	-	-	(52,377,096)	(52,377,096)
Total comprehensive income for the period	-	-	(52,377,096)	(52,377,096)
Conversion of rights to shares	45,500			45,500
<b>Balance at 30 June 2016</b>	<b>37,194,172</b>	<b>500,191</b>	<b>(33,269,615)</b>	<b>4,424,748</b>
<b>Balance at 1 July 2016</b>	37,194,172	500,191	(33,269,615)	4,424,748
Profit for period	-	-	(2,900,321)	(2,900,321)
Total comprehensive income for the period			(2,900,321)	(2,900,321)
<b>Balance at June 2017</b>	<b>37,194,172</b>	<b>500,191</b>	<b>(36,169,932)</b>	<b>1,524,431</b>

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

**Brierty Limited**  
**Consolidated statement of cash flow**  
**For the full-year ended June 2017**  
**UNAUDITED**

	2017	2016
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	163,191,048	250,000,187
Payments to suppliers (inclusive of GST)	(155,984,820)	(256,136,854)
Interest received	5,090	89
Other revenue	1,230,115	1,072,533
Finance costs	(4,893,114)	(4,528,494)
Income taxes refunded/(paid)	362,221	2,024,384
<b>Net cash inflow/(outflow) from operating activities</b>	<b>3,910,540</b>	<b>(7,568,155)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(274,779)	(1,285,388)
Proceeds from sale of property, plant and equipment	4,081,118	1,265,463
<b>Net cash inflow/(outflow) from investing activities</b>	<b>3,806,339</b>	<b>(19,925)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(9,581,028)	(15,873,227)
Receipt from borrowings	16,400,000	0
New capital raised		0
Dividends paid		0
<b>Net cash inflow/(outflow) from financing activities</b>	<b>6,818,972</b>	<b>(15,873,227)</b>
<b>Net change in cash and cash equivalents</b>	<b>14,535,851</b>	<b>(23,461,307)</b>
Cash and cash equivalents at beginning of period	(20,700,551)	2,760,756
Cash and cash equivalents at end of period	<b>(6,164,700)</b>	<b>(20,700,551)</b>

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

Brierty Limited  
Segment report  
For the full-year ended June 2017  
UNAUDITED

	Civil	Mining	Land development	Total operations
		\$	\$	\$
<b>Segment revenue</b>				
Total segment revenue	42,757,447	65,209,602	18,482,000	126,449,049
Intersegment transactions	4,785,845			4,785,845
Intersegment elimination				(4,785,845)
<b>Total contract revenue</b>	<b>47,543,292</b>	<b>65,209,602</b>	<b>18,482,000</b>	<b>126,449,049</b>
<b>Segment result</b>				
Overheads				(8,107,358)
Other income				1,751,283
Finance costs				(4,893,114)
Impairment				5,809,401
<b>Profit/(loss) before income tax</b>				<b>7,101,631</b>
Segment assets	2,985,569	9,230,083	16,139,212	28,354,864
Property plant and equipment				21,721,741
Assets held for sale				10,910,974
Inventories				11,369,584
Deferred tax asset				0
Other unallocated assets				1,419,342
<b>Total assets</b>				<b>73,776,505</b>
Unallocated liabilities				72,252,074
<b>Total liabilities</b>				<b>72,252,074</b>
<b>2016</b>	<b>Civil</b>	<b>Mining</b>	<b>Land development</b>	<b>Total operations</b>
		\$	\$	\$
<b>Segment revenue</b>				
Total segment revenue	117,269,163	65,108,766	30,172,393	212,550,322
Intersegment transactions	14,847,794			14,847,794
Intersegment elimination				(14,847,794)
<b>Total contract revenue</b>	<b>132,116,957</b>	<b>65,108,766</b>	<b>30,172,393</b>	<b>212,550,322</b>
<b>Segment result</b>				
Administration overheads				(10,096,008)
Other income				1,300,151
Finance costs				(4,528,494)
Impairment				(34,370,861)
<b>Profit/(loss) before income tax</b>				<b>(64,712,487)</b>
Segment assets	17,575,769	30,298,953	15,697,015	63,571,737
Property plant and equipment				34,787,593
Inventories				7,047,585
Deferred tax asset				10,001,952
Other unallocated assets				2,564,680
<b>Total assets</b>				<b>117,973,547</b>
Unallocated liabilities				113,548,799
<b>Total liabilities</b>				<b>113,548,799</b>

**Brierty Limited**  
**Segment report**  
**For the full-year ended**  
**UNAUDITED**

**Description of segments**

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

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of

information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

**Reportable segments**

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

**Civil**

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

**Mining**

Contract mining and mine maintenance.

**Land Development**

Residential lot development in Palmerston, Northern Territory.

Due to the nature of the Group's internal reporting system, some income and expenses are not allocated to reportable segments and as such are included as unallocated net income/(expenses). These include corporate overheads, over/under recovery of plant workshop expenses and other income.

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

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

The Group has a number of customers to which it provides both products and services. The most significant customer accounts for 42% of the 2017 turnover (2016: 41%) and the second most significant customer accounts for 13% (2016:35%) with all other customers below 8% of external revenue.

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

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

**Brierty Limited**  
**Notes to the accounts**  
**For the full-year ended June 2017**  
**UNAUDITED**

	2017	2016
	\$	\$
<b>Revenue</b>		
<b>From continuing operations</b>		
Contract revenue	107,240,840	182,377,929
Sale of land	18,482,000	30,172,393
Hire of equipment	726,209	-
Total sales revenue	<u>126,449,049</u>	<u>212,550,322</u>
<b>Other income</b>		
Net gain/(loss) on disposal of PPE	516,078	227,530
Interest revenue	5,090	6,472
Recoveries	-	36,619
Insurance claims	731,518	-
Other income	498,597	1,029,530
	<u>1,751,283</u>	<u>1,300,151</u>
<b>Expenses</b>		
<b>Cost of services and sales</b>		
Cost of providing services	94,515,454	199,464,842
Cost of land sales	15,066,549	22,270,036
	<u>109,582,003</u>	<u>221,734,878</u>
<b>Profit before income tax includes the following specific expenses</b>		
<b>Depreciation</b>		
Operational plant and equipment	5,207,910	10,322,876
Administration plant and equipment	468,623	542,667
	<u>5,676,533</u>	<u>10,865,543</u>
<b>Employee benefits expense</b>		
Salaries and wages	39,212,642	58,070,909
Share based payments	-	45,500
Superannuation	2,794,844	3,863,648
	<u>42,007,486</u>	<u>61,980,057</u>
<b>Finance costs</b>		
Interest and finance charges payable under HP contracts	1,487,450	2,522,874
Bank overdraft interest	2,430,545	1,415,314
Bank facility fees	662,173	590,306
Other interest and fees	312,946	-
	<u>4,893,114</u>	<u>4,528,494</u>
<b>Impairment</b>		
Plant and equipment	-	5,809,401
Inventory	-	32,879,396
	<u>5,809,401</u>	<u>1,491,465</u>
	<u>5,809,401</u>	<u>34,370,861</u>



**Brierty Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 30 June 2017**  
**UNAUDITED**  
**Interests in joint arrangements**

A joint venture agreement establishing the Brierty NYFL joint operation was executed on 21 December 2011. The principal activity of the joint operation has been to deliver urban infrastructure works and other civil construction works in Western Australia.

A joint operating agreement establishing the Brierty Karlayura joint operation was executed in July 2013. The joint operation has completed two projects including roadworks for Rio Tinto at West Angelas.

Brierty Limited and Bocol Pty Ltd entered into a joint operating agreement in January 2015 to do road and bridge construction works for Main Roads WA on the North West Coastal Highway.

A joint venture operating agreement establishing the Brierty Muntulgura Guruma joint operation was executed during the 2016 financial year. The joint venture has delivered a road project for Rio Tinto.

A joint venture operating agreement to establish the Brierty Eastern Guruma joint operation was executed during the 2016 year. The joint venture delivered civil works for Rio Tinto at Marandoo during the year.

The Group has the following interests in joint operations:

<b>Name of entity</b>	<b>Principal Activities</b>	<b>2017</b>	<b>2016</b>
		<b>%</b>	<b>%</b>
Brierty-NYFL Joint Operation	Urban infrastructure works	<b>70</b>	70
Brierty-Karlayura Operation	Road construction	<b>70</b>	70
Brierty-Bocol	Road construction	<b>83</b>	83
Brierty Muntulgura Guruma	Road construction	<b>78</b>	78
Brierty Eastern Guruma Operation	Waste Fines Storage facility	<b>50</b>	50