



**BRIERTY**

**2015  
ANNUAL  
REPORT**





## CONTENTS

Performance Summary for 2015	2
Our Values	4
Chairman's Report	7
Managing Director's Report	9
Board of Directors	13
Corporate Directory	15
Corporate Governance Statement	18
Directors' Report	32
Insurance of Officers and Indemnities	50
Auditor's Independence Declaration	52
Financial Statements	
Consolidated statement of comprehensive income	55
Consolidated statement of financial position	56
Consolidated statement of changes in equity	57
Consolidated statement of cash flows	58
Notes to the consolidated financial statements	59
Directors' declaration	94
Independent auditor's report to the members	95
Shareholder Information	97

# PERFORMANCE SUMMARY FOR 2015

**\$293.2 Million**

REVENUE

**\$3.1 Million**

NPAT

## WORK

**11**

**PROJECTS SECURED FY16 WITH QUALITY CLIENTS**



- Revenue and earnings impacted by delayed project starts and tight margins given the current operating environment.
- Establishment of our largest ever project - Western Turner Syncline Stage 2 (WTS2) complete and mining operations are progressing well.
- WTS2 establishment investment resulted in increased capital expenditure and associated debt as expected.
- Targeted increased cash generation and associated debt reduction in FY16 as major projects transition from setup phase to delivery or completion.
- Order book >\$410M with >\$210M secured for FY16

## SAFETY & COMMUNITY



Reconciliation  
ACTION PLAN  
ELEVATE RAP

THE FIRST MINING & CIVIL ENGINEERING  
COMPANY IN THE WORLD TO BE  
AWARDED "ELEVATE" STATUS



0 LTIFR



13.27%

INDIGENOUS  
EMPLOYMENT



A SAFE, PROFESSIONAL,  
CONSISTENT, PROJECT FOCUSED  
CONTRACTOR



**BRIERTY**

**Optimistic**

**Resilient**

**Excellent**

**BRIERTY LIFE RULES**

- 1 I will never enter the exclusive zone of operating machinery without authorization
- 2 I will never operate without adequate authorization
- 3 I will never operate a vehicle without proper training and authorization
- 4 I will not be in a position where I am not authorized to be



# Core Values

COHESIVE  
OPTIMISTIC  
RESILIENT  
EXCELLENT



“**IMPORTANTLY, THE GROUP CONTINUED TO OPERATE PROFITABLY AS BRIERTY RETAINED ITS FOCUS ON DELIVERING PROJECTS EFFICIENTLY FOR CLIENTS.**”



# Chairman's Report



## Dear fellow shareholder,

On behalf of Brierty Limited's Board, I present the 2015 Annual Report.

Brierty reported revenue of \$293 million in FY2015, 17 per cent higher than FY2014. The increase reflected the Group's ability to win and deliver projects throughout the year – despite a very competitive environment – and increase of sales at the new land development, Mitchell Creek Green.

The Group expanded the range of clients it provided services to throughout the year, including continuing to deliver smaller contracts, whilst also winning repeat business with key blue chip clients. This reflected Brierty reputation in the market and strong relationships with customers as a safe and efficient contractor. Brierty's diversity across large and small civil contracts, mining projects, and the land development division was critical to spreading risk across the Group and enabled Brierty to weather the challenging market conditions better than many of our peers.

Importantly, the Group continued to operate profitably as Brierty retained its focus on delivering projects efficiently for clients. However, Brierty was not immune to margin pressure on projects experienced across the industry, with the Group recording a net profit after tax (NPAT) of \$3.1 million. The margin pressure reflected the highly competitive environment for

civil work – which further increased during the year – and the impact of weak commodity prices being passed on to contractors. Brierty also experienced higher upfront costs at the Group's \$300 million mining contract for Rio Tinto, which are typically experienced during the ramp up phase at major mining projects.

Brierty maintained its focus on safety, and the Group pleasingly reported a strong performance with its total reportable injury frequency rate (TRIFR), of 5.95, and a lost time injury frequency rate of zero for the year.

In the year, Brierty paid a special dividend of 8.00 cents per share, fully franked, in October 2014. This dividend was principally funded by an associated Placement to new shareholders, which had the added benefit of providing greater diversity and liquidity to the Group's share register. Brierty also paid an interim dividend of 1.25 cents per share, fully franked, following the first half FY2015 results, in line with FY2014.

The Board elected not to declare a final dividend, given uncertainty around final audited earnings at the time and in order to maintain capital flexibility to support Brierty's major contracts. This decision has not altered Brierty's stated dividend policy objective of returning 25% to 35% of NPAT to shareholders and the Board will consider future

dividends after assessing the Group's H1 FY2016 results.

Looking ahead, Brierty entered FY2016 with a \$210 million of work secured for the year. The focus for the year is to generate cash, reduce debt, drive cost efficiencies across the business, and target new avenues for work. Cash generation is expected to improve in FY2016 as the major projects that required significant capital expenditure in FY2015 transition to the delivery phase. Meanwhile, although the environment for projects remains highly competitive, Brierty's delivery standard and customer relationships means the Group is well placed to win additional work in the year.

I would like to thank Brierty Managing Director Peter McBain, his management team, and all of Brierty's staff for their contributions over the past 12 months. Brierty's ability to continue winning and profitably delivering quality projects safely and efficiently in what remains a competitive environment reflects their hard work and commitment. The Group has entered 2016 with a number of clear priorities which will ensure Brierty is best positioned to generate value for shareholders.

**DALTON GOODING**  
Chairman

“ ...THESE CONDITIONS REFLECTED BRIERTY'S ABILITY TO DELIVER A HIGH STANDARD OF WORK SAFELY AND PROFITABLY ACROSS A DIVERSE RANGE OF PROJECTS, AS WELL AS WIN ADDITIONAL CONTRACTS. THIS HIGH STANDARD HAS FURTHER ESTABLISHED BRIERTY'S REPUTATION IN THE MARKET AS A CONTRACTOR THAT DELIVERS SUCCESSFUL PROJECT OUTCOMES. ”



# Managing Director's Report



Brierty operated in a highly competitive environment during the year. The Group's performance in these conditions reflected Brierty's ability to deliver a high standard of work safely and profitably across a diverse range of projects, as well as win additional contracts.

## OPERATIONS OVERVIEW

Brierty continued to work on a diverse range of civil, mining, and land development projects in the year, both in Western Australia and the Northern Territory. Importantly, Brierty added Brookfield Multiplex, Metropolitan Redevelopment Authority, and Lend Lease as new clients, adding to the Group's existing client base that includes Rio Tinto, Main Roads WA, Perth Airport, and Landcorp.

There was strong competition for civil projects in the year of change as mining infrastructure spending stopped and the focus turned to government and urban infrastructure. Brierty won and delivered its share of work, including major road projects – upgrades to Great Eastern Highway and Great Northern Highway in regional WA – as well as road construction for Rio Tinto, residential and commercial subdivisions in metro and regional areas of Western Australia and

the Northern Territory, and civil works at Perth Airport. Brierty also continued to perform smaller civil projects, with \$46.5 million completed in FY2015.

The mining division transitioned during the year, as operations at Karara were completed early in the year and the Group started work at the \$300 million Western Turner Syncline Stage 2 contract for Rio Tinto. An increase in Brierty's work in progress and debt in the year principally reflected the ramp up phase at this project due to new equipment and required upfront work. However, we anticipate improved cash generation in FY2016 as this project enters the delivery phase.

Pleasingly, the land development business performed well in FY2014 with the first sale of lots at the Mitchell Creek Green development and near final sales at the Bellamack development.

## SAFETY AND PEOPLE

Brierty's commitment to people and safety are at the core of how the Group operates, with excellent performance in 2015. In terms of safety, Brierty continued the trend of reducing safety incidents, with a total reportable injury frequency rate

(TRIFR) of 5.95 and a lost time injury frequency rate of zero. This was an excellent result by industry standards however the Group strives for zero harm and has targeted further safety improvement for the coming year.

Brierty increased its workforce to 467 people at 30 June 2015, a 22 per cent increase on 12 months prior, reflecting a ramp up on major contracts.

Brierty continued to actively promote female participation and Indigenous engagement within the workforce. The largest recognition of success in this area was Brierty becoming just the sixth company in Australia whose Reconciliation Action Plan reached 'elevate' status. This was a major achievement, with Brierty being the first company based in Western Australia and the Northern Territory to achieve this status, as well as the first mining and civil contractor. As at 30 June 2015, just over 13 per cent of Brierty's workforce identified as Aboriginal or Torres Strait Islander.

## OUTLOOK

Brierty entered the 2016 financial year with \$412 million order book, including \$210 million of work secured for FY2016, providing a good foundation for the year.

## Managing Director's Report continued

In addition to its existing projects, Brierty will target additional mining contract and larger civil projects. Infrastructure opportunities include new roads and road upgrades for Main Roads WA, new housing developments in Perth and regional Western Australia, further work at Perth Airport and revitalisation projects across Perth, as well as numerous opportunities in the Northern Territory.

Brierty has demonstrated success in winning work in highly competitive over recent years and this is expected to continue, due to the Group's established relationships and proven ability to deliver projects safely and cost effectively for clients. Meanwhile, it is anticipated Brierty will continue winning smaller civil projects, a market in which the Group has a strong track record of delivery.

The Group's focus for FY2016 is to generate cash, continue its standout client delivery, target avenues for new work, reduce debt, and drive cost efficiencies across the business in order to drive shareholder value in the coming year.

I would like to thank staff for their hard work and commitment to Brierty during a tough year. Their ability to deliver quality projects safely and efficiently is what makes Brierty a successful contractor. I also wish to thank the Board and senior management team for their support.



PETER MCBAIN  
Managing Director





# Board of Directors



**DALTON GOODING**  
Chairman &  
Non-executive Director

Dalton was formerly a long standing partner at Ernst & Young and is a Fellow of the Institute of Chartered Accountants in Australia. He has over 25 years experience and is currently the Managing Partner of Gooding Partners where he advises a wide range of business with an emphasis on taxation and accounting issues, due diligence, feasibilities and general business advice. Dalton has completed a Bachelor of Business at Curtin University.

**PETER MCBAIN**  
Managing Director

Peter has 20 years experience and knowledge in the civil infrastructure construction and mining sectors from both a contractor and client's perspective.

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



**KEN HELLSTON**  
Non-executive Director

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



## Board of Directors

**RICHARD O'SHANNASSY**  
Non-executive Director

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

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

**ALAN BRIERTY**  
Non-executive Director

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

# VALUE THROUGH PARTNERSHIPS

Brierty proudly operates with joint venture partners to deliver value to clients. Our partners:



# 13.27%

INDIGENOUS EMPLOYMENT

Brierty continued to actively promote Indigenous engagement. Brierty is the sixth company in Australia whose Reconciliation Action Plan reached 'elevate' status and being the first mining and civil contractor based in Western Australia and the Northern Territory to achieve this status.



# Corporate Directory

**Directors**

Dalton L Gooding (Chairman)  
**Non-executive Chairman**

Peter McBain  
**Managing Director**

Alan R Brierty  
Ken J Hellsten  
Richard J O'Shannassy

Ian W Sydney

**Secretary****Principal registered office in Australia**

72 Melville Parade  
South Perth, WA 6151

**Share and debenture register**

Computershare

**Auditor**

Ernst & Young  
11 Mounts Bay Road  
Perth, Western Australia

**Solicitors**

Clifford Chance  
Level 7  
190 St Georges Terrace  
Perth, Western Australia

**Bankers**

Bankwest  
108 St Georges Terrace  
Perth, Western Australia

**Stock exchange listings**

Brierty Limited shares are listed on  
the Australian Securities Exchange.

ASX Code BYL

**Website**

[www.brierty.com.au](http://www.brierty.com.au)



**VALUED**

# EXPERTISE



## Campus work expert

As a campus work expert Brierty has significant capabilities in working around high volumes of existing services, service relocation, coordination and management of large volumes of people around our sites, which includes maintaining access to adjacent operational service areas ie. Airport terminals, car parks and walk ways.

# Corporate Governance Statement

## Brierty Limited (“Group” or “Brierty”)

The Board of Brierty is committed to ensuring that effective corporate governance structures exist that encourage the Group to fulfil its purpose and vision and provide accountability and control systems commensurate with the risks involved in the course of its activities.

The Group has followed the ASX Corporate Governance Council’s (ASXCGC) Corporate Governance Principles and Recommendations (“ASX Principles”) where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance principles.

Where the Group has considered that a recommendation is inappropriate to its particular circumstances and it has not adopted that recommendation, a statement to that effect has been made, consistent with the “if not, why not” approach required by the ASX Listing Rules.

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

**ASX Principles Recommendation 1.1: A listed entity should disclose:**

- (a) the respective roles and responsibilities of its board and management; and**
- (b) those matters expressly reserved to the board and those delegated to management.**

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

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

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

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

- » monitor and assess management’s performance in carrying out strategies, achieving objectives and

observing budgets, approved by the Board, and to ensure that all appropriate resources are available to management for those purposes;

- » set criteria for, and to evaluate, at least annually, the performance of the Managing Director;
- » encourage a culture that promotes ethical and responsible decision making throughout the Group;
- » review the Group’s policies on risk oversight and management and satisfy itself that management has developed a sound system of risk management and internal control;
- » contribute to management’s development of corporate strategy and performance objectives;
- » set criteria for and approve acquisition, establishment, disposal or cessation of any significant business of the Group;
- » formulate and adopt appropriate internal Board policies;
- » review procedures and practices employed in relation to health, safety, and the environment and to assess their adequacy;
- » satisfy itself, on a reasonable basis, that the financial statements and other financial disclosures of the Group are both fair and accurate;
- » satisfy itself, on a reasonable basis, that appropriate internal and external audit arrangements are in place and operating effectively;
- » keep under review:
  - \* management succession planning (in particular as regards the office of Chief Executive Officer and Managing Director);



- \* management development activities;
- \* outcomes of the Group's decisions and strategies and ensure that valuable lessons are identified and absorbed into the framework for making future decisions;
- \* satisfy itself, on a reasonable basis, that the level and composition of management remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined;
- \* assess and approve the Group's response to proposed transactions which would affect shareholders' positions and rights as shareholders, and where relevant to make recommendations thereon to shareholders;
- \* satisfy itself that processes and plans are in place to maintain an orderly succession of appointments of non-executive Directors to the Board, and an appropriate balance of skills; and
- \* corporate policy and standards which impact on the perception, standing and reputation of the Group in the marketplace to include, but are not limited to:
  - \* Website;
  - \* Branding/logos;
  - \* Communications with the media; and
  - \* Corporate functions and events.

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

## COMMITTEES

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

- » Audit
- » Nomination and Remuneration
- » Risk and Compliance

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

## MEETINGS

The Board Charter provides for a minimum of 6 scheduled Board meetings per annum, although in a typical year, it is expected that the annual calendar will provide for more than this number (14 Board meetings were held during the 2015 financial year). Board committee meetings are held as required, generally prior to the scheduled Board meeting.

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

### **ASX Principles Recommendation 1.2: A listed entity should:**

- (a) undertake appropriate checks before appointing a person, or putting forward security holders a candidate for election, as a director; and**
- (b) provide security holders with all material information in its possession relevant to a**

**decision on whether or not to elect or re-elect a director.**

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

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

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

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

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

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

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

Directors must retire at the third AGM following their election or most recent re-election. At least one third of Directors must stand for election each AGM. Any

Director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Re appointment of Directors by rotation is not automatic and remains subject to a majority shareholder vote (the above retirement and re-election provisions do not apply to the Managing Director).

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

**ASX Principles Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.**

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

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

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

**ASX Principles Recommendation 1.4: The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.**

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

All Directors have access to the Company Secretary.

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

**ASX Principles Recommendation 1.5: A listed entity should:**

- a) **have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both objectives and the entity's progress in achieving them;**
- b) **disclose that policy or summary of it; and**
- c) **disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:**
  - 1) **the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or**
  - 2) **if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.**

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

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

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

### KEY AREAS OF FOCUS

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

- (a) gender diversity in senior roles and on the Board; and
- (b) the employment of Indigenous Australians.

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

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

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

### RESPONSIBILITIES IN RELATION TO DIVERSITY

Board responsibilities:

- a) The Board will establish measurable objectives for achieving diversity at all levels within the organisation;
- b) The Board will review these objectives each year; and
- c) The Board will measure each year its progress toward achieving these objectives, and report on this in the Group's Annual Report.

Responsibilities of Management:

- a) Management will be responsible for achieving the diversity objectives determined by the Board; and
- b) Management will be responsible for reporting to the Board on the progress toward and achievement of the diversity objectives.

### IMPLEMENTATION OF THIS POLICY

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

All employees are responsible for:

- a) promoting Brierty diversity initiatives where appropriate; and
- b) respecting difference and behaving in a manner that is consistent with the values and spirit of this Policy.

**ASX Principles Recommendation 1.6: A listed entity should:**

- (a) **have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**

**(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The Board will undertake an annual performance evaluation that reviews:

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

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

**ASX Principles Recommendation 1.7: A listed entity should:**

- (a) have and disclose a process for evaluating the performance of its senior executives; and**
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

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

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

**PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

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

**NOMINATION AND REMUNERATION COMMITTEE**

**ASX Principles Recommendation 2.1: The board of a listed entity should:**

**(a) have a nomination committee which:**

- (1) has at least three members, a majority of whom are independent directors; and**
- (2) is chaired by an independent director;**

**and disclose**

- (3) the charter of the committee;**
  - (4) the members of the committee; and**
  - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) if it does not have a nomination committee, disclose the fact and the processes it employs to address board succession, issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.**

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



### NOMINATION RESPONSIBILITIES

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

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

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

### COMPOSITION OF THE COMMITTEE

The Committee Charter states that the composition should include:

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

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

**ASX Principles Recommendation 2.2: A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership**

Brierty's objective is to have an appropriate mix of expertise and experience on the Board and Committees so that the Board can effectively discharge its corporate governance and oversight responsibilities. This mix is described in the Board skills matrix below:

Expertise and Experience	Industry Knowledge and Experience
Financial knowledge	Mining
Legal, governance and compliance	Infrastructure
Commercial acumen	Transport
Risk management	Power and utilities
Health and safety	Property
Sustainability	
Remuneration and nomination	
Government relations	
Executive leadership	
Geography	Market
Australia	Construction
New Zealand	Operations and maintenance
Africa	

**ASX Principles Recommendation 2.3: A listed entity should disclose:**

- (a) the names of the directors considered by the board to be independent directors;**
- b) if a director has an interest, position, association or relationship that might cause doubts about the independence of a director but the board is of the opinion that it does not compromise the independence of the director; the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and**
- c) the length of service of each director.**

**ASX Principles Recommendation 2.4: A majority of the board of a listed should be independent directors**

**ASX Principles Recommendation 2.5: The Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.**

**ASX Principles Recommendation 2.6: A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.**

The Board Charter currently provides that at least one third of its Directors will be independent non-executive directors and that the Chairman must also be an independent non-executive director.

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

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

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

Accordingly, the Board:

- » has adopted a procedure for Directors to take independent professional advice if necessary at the Group's expense (with the prior approval of the Chairman, which will not be unreasonably withheld);
- » as much as is reasonably practicable within the constraints of its current Board size and structure, the Board sets aside sessions at its scheduled meetings to confer without management present;
- » has described in the Board Charter the considerations it takes into account when determining independence.

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

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

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

- » is a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder of the Company (as defined in section 9 of the Corporations Act 2001);
- » is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- » has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- » has within the last three years been a material supplier or customer of the Company or other group member, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer; and
- » has a material contractual relationship with the Company or another group member other than as a director;
- » has been a director of the Company for such a period that his or her independence may have been compromised.

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

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

Materiality of the relationships is considered from the perspectives of:

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

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

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

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

- » DL Gooding
- » KJ Hellsten
- » RJ O'Shannassy

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

Director	Date Appointed	Period in Office	Independent	Due for Re-Election or Retirement
DL Gooding	27 October 2007	8 years	Yes	-
P McBain	28 November 2011	4 years	No	N/A
AR Brierty	21 December 2000	15 years	No	-
KJ Hellsten	23 February 2010	5 years	Yes	2015 AGM
RJ O'Shannassy	26 September 2011	4 years	Yes	2015 AGM

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

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

### PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY.

A listed entity should ethically and responsibly.

**ASX Principles Recommendation 3.1: A listed entity should:**

- (a) have a code of conduct for its directors, senior executives and employees; and**
- (b) disclose that code or a summary of it.**

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

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

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

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

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

### PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

**A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.**

The processes are to be of review and authorisation designed to ensure the truthful and factual presentation of the Group's financial position.

It is expected to include:

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

**ASX Principles Recommendation 4.1: The board of a listed entity should:**

- a) have an audit committee which:**
  - 1) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and**
  - 2) is chaired by an independent director, who is not the chair of the board,**

**and disclose:**

- 3) the charter of the committee;**
- 4) the relevant qualifications and experience of the member of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

- b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.**

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

The role of the Audit Committee includes to:

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

The Board has determined that the Audit Committee should comprise:

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

In addition, the Audit Committee should include:

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

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

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

**ASX Principles Recommendation 4.2: The board of a listed entity should, before it approves the entity's financial statements for a financial period,**

**receive from its CEO and CFO a declaration that, in their option, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**

The Board has received an assurance from the Managing Director and Chief Financial Officer that there is a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks. The Board has also received a declaration, consistent with section 295A of the Corporations Act, from the Managing Director and Chief Financial Officer that the financial statements for the half year and full year fully comply with all statutory reporting requirements.

**ASX Principles Recommendation 4.3: A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.**

#### EXTERNAL AUDITOR'S AGM ATTENDANCE

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

#### PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURES

**A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.**

The Group is committed to ensuring that:

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

**ASX Principles Recommendation 5.1: A listed entity should:**

**a) have a written policy for complying with its continuous disclosure obligations under the listing Rules; and**

**b) disclose that policy or a summary of it.**

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

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

## PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

**A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.**

**ASX Principles Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website.**

**ASX Principles Recommendation 6.2: A listed entity should design and implement an investor program to facilitate effective two-way communication with investors.**

**ASX Principles Recommendation 6.3: A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.**

**ASX Principles Recommendation 6.4: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.**

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

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

- » communicates with its shareholders;
- » provides ready access for shareholders and investors to balanced and understandable information about the Group and its corporate proposals;

- » manages its communications with analysts or media;
- » facilitates shareholder participation at its general meetings.

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

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

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

**A listed entity should establish a sound system of risk and management framework and periodically review the effectiveness of that framework.**

**ASX Principles Recommendation 7.1: The board of a listed entity should:**

**a) have a committee or committees to oversee risk, each of which:**

**1) has at least three members, a majority of whom are independent directors; and**

**2) is chaired by an independent director,**

**and disclose:**

**3) the charter of the committee;**

**4) the members of the committee; and**

**5) as at the end of each reporting period, the number of times the committee met throughout the period and the individuals attendances of the members at those meetings; or**

**b) if it not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.**

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

This Policy is published on the Group's website.

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

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

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

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

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

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

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

**ASX Principles Recommendation 7.2: The board or a committee of the board should:**

- a) review the entity risk management framework at least annually to satisfy itself that it continues to be sound; and**
- b) disclose in relation to each reporting period, whether such a review has taken place.**

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

The Managing Director is required to report on the

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

**ASX Principles Recommendation 7.3: A listed entity should disclose:**

- a) if it has an internal audit function, how the function is structured and what role it performs; or**
- b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control process.**

Brierty does not have a formal internal audit function but does have a formal risk review process with risks regularly reviewed.

**ASX Principles Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risk and if it does how it manages or intends to manage those risks.**

Brierty is exposed to economic, environmental and social sustainability risk in the same way as any other organisation in its industry. Brierty constantly monitors all of these risks and looks to mitigate them by having a diverse service offering that is not dependent upon any one geographic location, industry or client.

## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

**A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.**

**ASX Principles Recommendation 8.1: The board of a listed entity should:**

- a) have a remuneration committee which:**
  - 1) has at least three members, a majority of whom are independent directors; and**

2) *is chaired by an independent director;*

*and disclose:*

3) *the charter of the committee;*

4) *the members of the committee; and*

5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

**b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.**

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

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

- » the remuneration of the Managing Director;
- » the remuneration of any other executive director and the Company Secretary;
- » an appropriate executive remuneration and incentive policy that demonstrates a clear relationship between performance and remuneration;
- » a review and recommendation on remuneration by gender;
- » equity based executive and employee incentive plans including the reporting of valuations of equity issued under those plans;
- » superannuation arrangements;
- » recruitment, retention, succession planning, performance measurement and termination policies and procedures for the Managing Director, any other executive director, the Company Secretary and direct reports to the Managing Director;
- » the remuneration of directors, including:
  - \* compliance with the director remuneration disclosure obligations;
  - \* obtaining shareholder approval of total

remuneration payable to non-executive directors;

- \* determining when and if shareholder approval is required for equity components of executive director remuneration;
- \* monitoring remuneration paid to non-executive directors to ensure the aggregate of remuneration paid does not exceed shareholder approved limits;
- \* ensuring the nature of the remuneration paid to non-executive directors is consistent with the recommended good governance guidelines for non-executive director remuneration.

» compliance with the reporting requirements relating to the remuneration of directors and key executives as required by the ASX Listing Rules, Australian Accounting Standards and the Corporations Act 2001.

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

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

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

**ASX Principles Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.**

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

**ASX Principles Recommendation 8.3: A listed entity which has an equity-based remuneration scheme should:**

- a) have a policy on whether participants are permitted to enter into transactions (where through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and**
- b) disclose that policy or a summary of it.**

The Board periodically reviews executive remuneration practices with a view to ensuring there is an appropriate



balance between fixed and incentive pay, and that the balance reflects short and long term performance objectives appropriate to the Group's circumstances and goals.

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

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

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

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

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

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

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

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



# Directors' Report



Your directors present their report on the consolidated entity consisting of Brierty Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015. Throughout the report, the consolidated entity is referred to as the Group.

## DIRECTORS

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

Dalton L Gooding (Chairman)

Peter McBain

Alan R Brierty

Ken J Hellsten

Richard J O'Shannassy

## PRINCIPAL ACTIVITIES

- (a) Civil - Major highway and road construction, railway formation, airport runways, site works, concrete and pavement works, earthworks, drainage and service installation, sewer reticulation, roadworks and subdivisional infrastructure for the creation of housing lots.
- (b) Mining - Surface mining including site preparation, such as stripping overburden, site works for building infrastructure, road works, tailings dams, drill and blast, load and haul, material handling and road haulage.
- (c) Residential Land Development - The subsidiary company, Bellmack Pty Ltd (trading as Territory Life), engages in residential land development activities in Darwin, Northern Territory.



## DIVIDENDS - BRIERTY LIMITED

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

Consolidated Entity	2015	2014
	\$	\$
Final dividend for the year ended 30 June 2014 of 1.75 cents (as recommended in the 2014 financial report) (2013: 1.75 cents), fully franked based on tax paid @ 30%	<b>1,925,000</b>	1,925,000
Special dividend of 8 cents per share (2014: Nil), fully franked based on tax paid @ 30%	<b>10,120,000</b>	-
Interim dividend for the year ended 30 June 2015 of 1.25 cents (2014: 1.25 cents) per share, fully franked based on tax paid @ 30%:	<b>1,581,250</b>	1,375,000
	<b>13,626,250</b>	3,300,000

The directors have decided that there will be no final dividend for the year ended 30 June 2015 (2014: 1.75 cents per share fully franked based on tax paid @ 30%).

## OPERATING AND FINANCIAL REVIEW

### OVERVIEW

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

- » Urban land development contracting - residential and commercial subdivisions in metro and regional areas of Western Australia and the Northern Territory for Landcorp, Brookfield, and Territory Life.
- » Road construction - metro and regional roads for Main Roads WA and local government councils.
- » Airport works - car parks, roads and taxi and bus ranks for Perth Airport.
- » Mine site civil works - road construction for Rio Tinto.
- » Mining services - contract mining including drill and blast, load and haul, crushing, road haulage and train loading for Rio Tinto and Karara.
- » Land developer and seller - blocks developed and sold at Bellamack and Mitchell Creek Green for wholly owned subsidiary Territory Life.

As the principal contractor, Brierty delivers quality products and services for its clients in projects ranging in size from \$1 million up to \$100 million in the civil division and full range of mining projects up to circa \$500 million in value. On most projects, works are self-performed with Brierty's own equipment and people with specialised activities sub-contracted. At the end of June, Brierty had 467 employees

### SAFETY

The Group continued to focus on safety during the year and continued the trend of reducing safety incidents with a total reportable injury frequency rate (TRIFR) of 5.95 and a lost time injury frequency rate of zero. Both of these numbers are excellent by industry standards and the Group has targeted a further improvement for the coming year.

### PEOPLE

At 30 June 2015, the Group employed 467 people. Given the contract nature of Brierty's business, the number of employees can vary significantly at a given point in time.

At 30 June 2015, the number of employees was 22% higher than the previous year due to having full production at Western Turner Syncline and work continuing on a number of civil projects.

### DIVERSITY

Brierty actively promotes female participation and Indigenous engagement within our workforce. The representation of female employees within the Group is currently 14% (2014: 12%) of our workforce, highlighting the Group's continued push to increase female participation levels across blue-collar, engineering and professional based positions. Brierty's internal development programs actively target female participation, with 37% of employees within the Group's graduate program being female, 27% of employees within the Group's Young Professionals program being female and 36% of the FY 2014 / 2015 attendees to the Group's Supervisor Development Program being female.

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

### INDIGENOUS

Indigenous engagement is a cornerstone of Brierty's diversity policy. Paramount to our commitment to Indigenous Engagement is the direct employment of Aboriginal and Torres Straits Island employees and providing lasting employment and development opportunities within our business. As at 30 June 2015, just over 13% of Brierty's workforce identifies as either Aboriginal or Torres Strait Islander. Brierty's commitment to Indigenous engagement is industry leading.

### BUSINESS MODEL

The Group is split into 3 divisions being civil contracting, mining services and land development and all 3 divisions are supported by centralised plant, procurement, human

resources, safety and finance. Systems are in place to support all areas of the business and we are certified for quality, environment and health and safety.

## FINANCIAL RESULTS

### Revenue and Profit

In the year ended 30 June 2015, the Group had revenue of \$292 million (2014: \$251 million) a 16% increase. The civil division had revenues of \$156 million (2014: \$127 million) with the increased turnover due to extra activity in road construction for Main Roads WA. The mining division had revenues of \$107 million (2014: \$106 million) which was similar to the previous year. The mining contract at Karara finished in October 2014 and activity increased throughout the year at Western Turner Syncline. Land development had revenue of \$30 million (2014: \$14 million) with the increase coming from sales at the new development at Mitchell Creek Green.

The Group is not dependent upon any one customer and has a good range of blue chip clients including Rio Tinto, Main Roads WA, Perth Airport, Brookfield Multiplex and Landcorp. Land at Mitchell Creek Green and Bellamack is sold to the general public.

The Group reported a net profit after tax of \$3.1 million (2014: \$9.9 million). The lower margin is due to Brierty not being able to recognise any revenue in respect of variations being negotiated directly with Main Roads WA and insurance claims. Direct negotiations with Main Roads WA continue to progress, however were not completed prior to 30 September 2015 as anticipated. Insurers have accepted liability for the insurance events, however the final quantum of the refund is also the subject of on-going discussion. The amount ultimately recovered will be included in the FY2016 financial results.

The Group also experienced tighter margins in the civil and mining divisions offset by better margins in land development. With the slowdown in mine construction activity there has been increased competition in major civil projects with margins being squeezed. The lower iron ore price has led to most iron ore producers looking to save costs from contractors and this has resulted in lower margins generally in mining contracting. Land development margins increased with the sale of lots at Mitchell Creek Green starting during the year, and the ability to recognise margin on the final sales at Bellamack.

The three operating divisions contributed profit as per the following table

## SEGMENT RESULTS (PRE-CORPORATE OVERHEADS)

	Civil	Mining	Land Development	Total
<b>Revenue - FY 2015</b>	<b>\$156,160,167</b>	<b>\$106,657,271</b>	<b>\$29,542,859</b>	<b>\$292,360,297</b>
<b>Segment result - FY 2015</b>	<b>\$938,903</b>	<b>\$7,838,676</b>	<b>\$2,878,714</b>	<b>\$11,656,293</b>
<b>Margin - FY 2015</b>	<b>0.6%</b>	<b>7.3%</b>	<b>9.7%</b>	<b>4.0%</b>
Revenue - FY 2014	\$127,125,775	\$105,910,828	\$14,384,765	\$247,421,368
Segment result - FY 2014	\$7,443,305	\$10,609,436	-\$360,599	\$17,692,142
Margin - FY 2014	5.9%	10%	-2.5%	7.2%

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

For a reconciliation of segment results to profit from continuing operations before income tax for the period of \$2,216,284 please refer to note 5, segment information, within the notes to the consolidated financial statements

### **Assets and Liabilities**

At 30 June 2015, the major assets on the balance sheet were cash, trade debtors, plant and equipment, land inventory, spare parts inventory and work in progress. During 2015, the Group purchased new assets worth \$31.6 million (2014: \$3.8 million), which was mainly on new plant for the mining contract at Western Turner Syncline.

The carrying value of Brierty's plant and equipment has been reviewed, as part of normal year-end processes, with particular consideration given to the Group's market capitalisation and market conditions. The Board considers the carrying value of the equipment to be appropriate, given the majority of equipment is being utilised at current projects and equipment that is currently idle having reasonable prospects of being utilised on potential new mining and civil projects in the near future.

At 30 June 2015, the main liabilities of the Group were trade payables, future employee liabilities and hire purchase debt. Hire purchase liabilities increased during the year due to the purchase of new assets.

During the year Brierty Limited undertook a capital raising by placing 16,500,000 shares with institutional and sophisticated investors at 50 cents per share, which represented an additional 15% of shares

### **DIVIDENDS**

The practice of the Group is to have 25% to 35% of Net Profit After Tax (NPAT) available for distribution as dividends, with the balance being retained for funding ongoing growth. Dividends are franked to the extent franking credits are available. During the year Brierty Limited paid a special dividend of 8 cents per share and an interim dividend of 1.25 cents per share. No final dividend has been declared for FY2015, but this does not alter the Group's stated dividend policy and the Board will consider future dividends after assessing the Group's first half FY2016 results.

### **BUSINESS STRATEGY**

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

### **PROSPECTS FOR FUTURE FINANCIAL YEARS**

The outlook for FY2016 is promising, despite conditions remaining highly competitive, with Brierty starting the year with \$412 million work on hand of which \$210 million is currently in FY2016. Brierty expects to win further work in road construction, urban land development and contract mining, in addition to smaller civil contracts that Brierty continues to win. Major projects that will continue or commence during the year include the upgrade of North West Coastal Highway, the upgrade of Great Northern Highway near Batty Bog, construction of the subdivision at Mitchell Creek Green in the Northern Territory, further subdivisions at Lakelands near Perth and mining at Western Turner Syncline Stage 2 for Rio Tinto.

#### **Civil**

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

#### **Mining**

In the mining sector the Group expects there to be further opportunities in iron ore mining with the major iron ore producers, which will lead to construction and contract mining opportunities. There are also opportunities in other mining operations such as gold, copper and silver that the Group is pursuing.

#### **Land Development**

In land development the Group will continue with the development and sale of land at Mitchell Creek Green. It is expected demand for these blocks will be strong as many will be priced at the lower end of the market to cater for first home buyers.

### **RISKS**

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

### **Project Execution**

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

### **Pricing Risk**

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

### **Major Asset Damage**

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

### **Reputation**

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

### **Competition**

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

### **Strategy**

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

### **Customer**

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

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

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

## **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

There have been no matters that have arisen since 30 June 2015 that have or may significantly affect the operations result or state of affairs of the Group in future financial periods.

## **ENVIRONMENTAL REGULATION**

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

## Information on directors

### **D Gooding. Chairman. Age 60.**

#### EXPERIENCE AND EXPERTISE

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

#### OTHER CURRENT DIRECTORSHIPS

Chairman of Katana Capital Ltd.  
Director of SIPA Resources Ltd.  
Chairman of TFS Corporation Ltd

#### FORMER DIRECTORSHIPS IN LAST 3 YEARS

Chairman of Avita Medical Ltd

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

#### SPECIAL RESPONSIBILITIES

Chairman of the Board  
Chairman of the Nomination and Remuneration Committee  
Member of Audit Committee  
Member of Risk and Compliance Committee

#### INTERESTS IN SHARES AND OPTIONS

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

### **P McBain. Managing Director. Age 50.**

#### EXPERIENCE AND EXPERTISE

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

#### OTHER CURRENT DIRECTORSHIPS

None.

#### FORMER DIRECTORSHIPS IN LAST 3 YEARS

None.

#### SPECIAL RESPONSIBILITIES

None.

#### INTERESTS IN SHARES AND OPTIONS

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

3,279,374 options over ordinary shares in Brierty Limited (at the date of the report).



**A R Brierty. Non-executive director.  
Age 66.**

**EXPERIENCE AND EXPERTISE**

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

**OTHER CURRENT DIRECTORSHIPS**

None.

**FORMER DIRECTORSHIPS IN LAST 3  
YEARS**

None.

**SPECIAL RESPONSIBILITIES**

Member of Nomination and Remuneration  
Committee

Member of Risk and Compliance Committee

**INTERESTS IN SHARES AND OPTIONS**

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

**K J Hellsten. Non-executive  
director. Age 58.**

**EXPERIENCE AND EXPERTISE**

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

**OTHER CURRENT DIRECTORSHIPS**

None.

**FORMER DIRECTORSHIPS IN LAST 3  
YEARS**

Non-executive director of Cuervo Resources Inc.  
Executive director of Strike Resources Limited.

**SPECIAL RESPONSIBILITIES**

Member of Nomination and Remuneration  
Committee

Member of Audit Committee

**INTERESTS IN SHARES AND OPTIONS**

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

**R J O'Shannassy. Non-executive director. Age 59.**

**EXPERIENCE AND EXPERTISE**

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

**OTHER CURRENT DIRECTORSHIPS**

Non-executive director of Minemakers Limited.

**FORMER DIRECTORSHIPS IN LAST 3 YEARS**

None.

**SPECIAL RESPONSIBILITIES**

Chairman of Audit Committee

Chairman of Risk and Compliance Committee

Member of Nomination and Remuneration Committee

**INTERESTS IN SHARES AND OPTIONS**

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

**COMPANY SECRETARY**

The Company Secretary is Mr I W Sydney. Mr Sydney was appointed to the position on 18 August 2014. Mr Sydney is a CPA and has a Bachelor of Business and a graduate diploma in Corporate Governance.

## MEETINGS OF DIRECTORS

The numbers of meetings of the Group's board of directors and of each board committee held during the year ended 30 June 2015, and the numbers of meetings attended by each director were:

	Board	Meetings of committees		
		Audit	Nomination and Remuneration	Risk and Compliance
<b>Number of meetings held</b>	<b>14</b>	<b>3</b>	<b>3</b>	<b>1</b>
Number of meetings attended:				
Dalton L Gooding	14	3	3	1
Alan R Brierty	13	-	3	1
Ken J Hellsten	11	2	3	-
Richard J O'Shannassy	14	3	3	1
Peter McBain	14	-	-	-

\* All directors were on the board for the whole year and were members of the committees where they attended for the whole year.

## REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2015 outlines the remuneration arrangements of the Group in accordance with the requirement of *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by Section 308(3C) of the Act.

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

- (a) Introduction
- (b) Remuneration governance
- (c) Executive remuneration arrangements
- (d) Executive remuneration outcomes for 2015 (including link to performance)
- (e) Executive contracts and non-executive director remuneration arrangements
- (f) Additional disclosures relating to options and shares

### (a) Introduction

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

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

### Non-executive directors (NEDs)

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

### Executive directors

P McBain	Managing Director
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### Other KMPs

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

## Directors' Report FOR YEAR ENDED 30 JUNE 2015

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### (b) Remuneration governance

##### Remuneration Committee

The remuneration committee comprises four NEDs.

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

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

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

##### Use of remuneration consultants

To ensure the Remuneration Committee is fully informed when making remuneration decisions, it seeks external remuneration advice. Remuneration consultants are

engaged by, and report directly to, the Committee. In selecting remuneration consultants, the Committee considers potential conflicts of interest and requires independence from the Group's KMP and other executives as part of their terms of engagement. The Group did not engage any remuneration consultants during FY 2015.

##### Remuneration report approval at FY14 AGM

The FY14 remuneration report received positive shareholder support at the FY14 AGM with a vote of 97% in favour.

#### (c) Executive remuneration arrangements

##### C.1 Remuneration principles and strategy

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

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

**C.2 Details of incentive plans**

**Short term incentive program (STIP)**

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

The STIP has been designed to:

- » Help the Group compete in the employment market.

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

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

Executive	NPAT*	Safety - TRIFR	Indigenous employment content	KPIs#
Managing Director	75%	incl. in KPI	incl. in KPI	25%
Other executives	25%	15%	10%	50%
Other managers	25%	15%	10%	50%

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

# KPIs for Managing Director include secondary budget and safety requirements.

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

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

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

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

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

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

**REMUNERATION REPORT (AUDITED) (CONTINUED)**

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

**Long term incentive program (LTIP)**

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

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

The LTIP has been designed to:

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

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

LTIP benefits received are shares in the Parent to the equivalent value of the STIP payment based on the average share price of the Parent for the first five trading days of the current financial year. The shares are issued in three tranches of 33% with the first 33% granted in April of the year following the award and the second 33% granted in the April of the year following that with the final award granted in the April of the following year.

**Option Plan**

Options are issued at the Board's discretion.

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

**Continuous employment options**

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

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

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

**Performance based options**

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

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

**REMUNERATION REPORT (AUDITED) (CONTINUED)**

Any options that have become capable of exercise, but have not been exercised, will expire on 30 September 2017.

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

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

- » Safety targets must exceed performance thresholds which are set at the start of the financial year. This measure was chosen as the safety of our people is important to the Group.
- » Indigenous employment must exceed a percentage threshold. This measure was chosen in accordance with our diversity policy.

- » Investor relationships measured by the relationship with key fund managers. This measure was chosen to maximise return to shareholders.

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

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

**(d) Executive remuneration outcomes for 2015 (including link to performance)**

Group performance and its link to STIP and LTIP

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

	NPAT	EPS (cents)	Share Price at 30 June (cents)	Dividends Paid (cents per share)
FY 2015	\$3,111,702	2.45	34.5	11.00
FY 2014	\$9,881,705	8.98	39.5	3.00
FY 2013	\$10,211,149	9.28	21.5	3.00
FY 2012	\$9,442,474	8.58	30.0	2.75
FY 2011	\$93,569	0.08	27.5	0.50

The NPAT hurdle for the year was not met, so no bonuses will be paid.

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

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

Item	Measure	FY15 Performance vs. Target Outcome
Safety	TRIFR	Target met
Indigenous employment	Indigenous employment numbers	Below target

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

Name	Proportion of maximum STIP/LTIP earned in FY 2015	Proportion of maximum STIP/LTIP forfeited in FY 2015
P McBain	0%	100%
I Sydney	0%	100%
S Collins	0%	100%
R Erwin	0%	100%
D Humphreys	0%	100%

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

# Directors' Report

## FOR YEAR ENDED 30 JUNE 2015

### REMUNERATION REPORT (AUDITED) (CONTINUED)

2015	Directors fees	Short-term employee benefits			Post employment benefits	Long term benefits	Share based payments	Termination benefits	Total	Performance related
		Cash salary and fees	Non-monetary benefits	Cash bonus	Super-annuation	Long service leave	Options/ Shares			
Name										
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-executive directors</b>										
D L Gooding	133,000	-	-	-	12,635	-	-	-	145,635	-%
A R Brierty	73,227	-	-	-	6,957	-	-	-	80,184	-%
K J Hellsten	73,227	-	-	-	6,957	-	-	-	80,184	-%
R J O'Shannassy	82,380	-	-	-	7,826	-	-	-	90,206	-%
<b>Sub-total non-executive directors</b>	<b>361,834</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>396,209</b>	<b>-%</b>
<b>Executive directors</b>										
P McBain	-	613,834	-	-	35,385	10,122	161,209	-	820,550	20%
<b>Other key management personnel (Group)</b>										
I Sydney	-	286,475	5,278	-	27,716	4,836	-	-	324,305	-%
S Collins	-	410,718	-	-	22,446	6,953	-	-	440,117	-%
R Erwin	-	537,449	-	-	-	-	-	-	537,449	-%
D Humphreys	-	288,049	-	-	27,470	4,864	-	-	320,383	-%
<b>Total key management personnel compensation (group)</b>	<b>361,834</b>	<b>2,136,525</b>	<b>5,278</b>	<b>-</b>	<b>147,392</b>	<b>26,775</b>	<b>161,209</b>	<b>-</b>	<b>2,839,013</b>	<b>6%</b>

\*The share based payment to Mr McBain is an expense recognised by the Group and has not been paid to Mr McBain in cash. This benefit will only accrue to Mr McBain if he exercises his options, which are currently out of the money.

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



**REMUNERATION REPORT (AUDITED) (CONTINUED)**

**(e) Executive contracts**

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

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

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

**(i) Options**

No options were granted during the year ended 30 June 2015.

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

Any options that have become capable of exercise, but have not been exercised, will expire on 30 September 2017.

The percentage of the Managing Director's remuneration for the financial year that consists of options is nil (2014: 4%).

In 2011 5,000,000 options were granted to the Managing Director. During the current year 1,062,500 options vested (2014: 283,332). No options were exercised during the year (2014: nil).

Number of options	Grant date	Options awarded during year	Fair Value of Options at award date	First exercise date	Exercise price	Expiry date	No. Vested During Year	No. Forfeited During Year	No. Lapsed During Year
250,000	07/03/2011	-	\$0.208	07/03/2012	\$0.451	07/03/2015	-	-	250,000
250,000	07/03/2011	-	\$0.216	07/03/2013	\$0.601	07/03/2016	-	-	-
250,000	07/03/2011	-	\$0.225	07/03/2014	\$0.751	07/03/2017	-	-	-
1,416,666	07/03/2011	-	\$0.220	30/09/2012	\$0.451	30/09/2015	-	-	-
1,416,666	07/03/2011	-	\$0.226	30/09/2013	\$0.601	30/09/2016	-	-	-
1,416,667	07/03/2011	-	\$0.234	30/09/2014	\$0.751	30/09/2017	1,062,500	354,167	-

Consolidated entity 2015 Name	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of share options for the year
	\$	\$	\$	%
P McBain	-	-	52,000	-

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

## Directors' Report FOR YEAR ENDED 30 JUNE 2015

### REMUNERATION REPORT (AUDITED) (CONTINUED)

2015	Balance at start of the period 1 July 2014	Granted as remuneration	Options exercised	Lapsed / forfeited	Balance at end of the year 30 June 2015	Exercisable	Not exercisable
<b>Directors of Brierty Limited</b>							
P McBain	3,883,541	-	-	604,167	3,279,374	3,279,374	-

There were no alterations to the terms and conditions of options awarded as remuneration since their award date.

#### (ii) Shares

Shares awarded, vested and lapsed during the year.

The table below discloses the number of shares granted to KMP's during the financial year ended 30 June 2015, as well as the number of shares that vested or lapsed during the year.

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

Name	No. Shares Granted During Year	Grant Date	Fair Value of Shares at Grant Date	Vesting Date	No. Vested During Year	No. Lapsed During Year
I Sydney	-				90,000	-
S Collins	-				100,000	-
R Erwin	-				100,000	-
D Humphreys	-				80,000	-

There were no share rights granted under the LTIP, during the year.

Name	Balance at start of the year	Granted as remuneration	Vested	Other changes	Balance at the end of the year	Held nominally
I Sydney	180,000	-	90,000	-	90,000	-
S Collins	200,000	-	100,000	-	100,000	-
R Erwin	200,000	-	100,000	-	100,000	-
D Humphreys	160,000	-	80,000	-	80,000	-

#### (iii) Share holdings

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

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

**2015 Share Holdings**

Directors of Brierty Limited	Balance at start of year	Shares Purchased / Issued	Shares Sold	Net change other	Balance at end of year
<b>Ordinary Shares</b>					
D L Gooding	1,562,500	-	-	-	1,562,500
P McBain	700,000	-	-	-	700,000
A R Brierty	22,447,500	-	-	-	22,447,500
K J Hellsten	200,000	-	-	-	200,000
R J O'Shannassy	160,000	-	-	-	160,000
<b>Other key management personnel of the company</b>					
I Sydney	-	-	-	-	-
S Collins	60,000	100,000	-	-	160,000
R Erwin	-	-	-	-	-
D Humphreys	-	-	-	-	-

**2014 Share Holdings**

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

**Loans to directors and executives**

There were no loans to/from related parties during the year ended 30 June 2015 (2014: nil).

**Other transactions and balances with KMP and their related parties**

During the year, the Group paid rent to Jamstakes Pty Ltd (a company owned by Alan & Kylie Brierty and other shareholders of Brierty), the owner of the premises at 38 Mandarin Rd, Maddington. Rent totaling \$356,400 (2014: \$356,400) was paid during the year in accordance with a lease agreement on normal terms and conditions. There was no amounts owing to or from Jamstakes Pty Ltd at the end of the financial year.

During the year, the Group paid Richard O'Shannassy and Associates \$2,138 (2014: nil) for legal services provided. Nil was owing at the end of the financial year.

During the year, the Group paid Ken Hellsten \$5,000 (2014: \$20,000) for consulting services. Nil was owing at the end of the financial year.

Gooding Partners, an accounting practice in which Mr D L Gooding is a partner, provided consulting services in relation to due diligence activities, for which Gooding Partners were paid \$53,353 (2014: \$16,000). Nil was owing to Gooding Partners at the end of the financial year (2014: \$16,000).

During the year, the Group hired two water carts from Erwin & Associates, a company owned by R. Erwin. Erwin & Associates were paid \$120,000 (2014: \$120,000). \$22,000 was owing to Erwin & Associates at the end of the financial year. (2014: \$11,000).

END OF REMUNERATION REPORT

### Indemnification and Insurance of Directors and Officers

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

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

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

- » any conduct or contravention in respect of which a liability is the subject of a prohibition in section 199B(1) of the Corporations Act 2001.
- » the committing of any deliberately dishonest or deliberately fraudulent act.

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

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

### Indemnification of auditors

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

### Proceedings on behalf of the company

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

### Non-audit services

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

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

Consolidated entity Year ended	
2015	2014
\$	\$

#### Taxation services

Ernst & Young firm:

Tax compliance services	26,000	30,000
Tax advisory services	45,095	164,000
<b>Total remuneration for taxation services</b>	<b>71,095</b>	<b>194,000</b>

#### Other services

Ernst & Young firm:

Other advisory services	299,677	30,000
<b>Total remuneration for other services</b>	<b>299,677</b>	<b>30,000</b>
<b>Total remuneration for non-audit services</b>	<b>370,772</b>	<b>224,000</b>

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 52.

**Auditor**

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

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

A handwritten signature in black ink, appearing to read 'D L Gooding', with a long horizontal stroke extending to the right.

D L Gooding  
Chairman

A handwritten signature in blue ink, appearing to read 'P McBain', with a horizontal stroke extending to the right.

P McBain  
Managing Director

South Perth, Western Australia  
29 September, 2015



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au


## Auditor's independence declaration to the Directors of Brierty Limited

In relation to our audit of the financial report of Brierty Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz  
Partner  
29 September 2015





# 2015 FINANCIAL STATEMENTS

## Financial Statements

Consolidated statement of comprehensive income	55
Consolidated statement of financial position	56
Consolidated statement of changes in equity	57
Consolidated statement of cash flows	58
Notes to the consolidated financial statements	59
Independent auditor's report to the members	97

The consolidated financial report of Brierty Limited (the Group) for the year 30 June 2015 was authorised for issue in accordance with a resolution of directors on 29 September, 2015.

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



Consolidated Statement of Comprehensive Income  
FOR YEAR ENDED 30 JUNE 2015



	Notes	Consolidated entity Year ended	
		30 June 2015	30 June 2014
		\$	\$
Revenue from services and land sales	6	<b>292,360,297</b>	251,084,203
Cost of services and sales	8	<b>(270,706,236)</b>	(217,684,079)
<b>Gross margin on services and land sales</b>		<b>21,654,061</b>	33,400,124
Other income	7(a)	<b>871,756</b>	573,451
Administration expenses, excluding finance costs		<b>(16,799,022)</b>	(18,289,899)
Finance costs	8	<b>(3,510,511)</b>	(2,812,803)
<b>Profit from continuing operations before income tax</b>		<b>2,216,284</b>	12,870,873
Income tax benefit / (expense)	9	<b>895,418</b>	(2,989,168)
<b>Profit from continuing operations after income tax</b>		<b>3,111,702</b>	9,881,705
Other comprehensive income		-	-
<b>Total Comprehensive income for the period</b>		<b>3,111,702</b>	9,881,705
		<b>Cents</b>	Cents
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>			
Basic earnings per share	35	<b>2.45</b>	8.98
Diluted earnings per share	35	<b>2.45</b>	8.85

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

# Consolidated Statement of Financial Position

## FOR YEAR ENDED 30 JUNE 2015

	Notes	Consolidated entity	
		Year ended	
		2015	2014
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	2,760,756	27,179,608
Trade and other receivables	11	31,053,195	23,524,424
Contracts in progress and inventories	12	25,704,885	8,918,053
Prepayments		1,218,881	1,036,354
Current tax receivables	13	2,389,798	996,224
Land held for development and resale	14	14,272,924	10,425,381
<b>Total current assets</b>		<b>77,400,439</b>	72,080,044
<b>Non-current assets</b>			
Property, plant and equipment	15	77,166,162	55,574,094
Contracts in progress and inventories	12	13,246,266	-
<b>Total non-current assets</b>		<b>90,412,428</b>	55,574,094
<b>Total assets</b>		<b>167,812,867</b>	127,654,138
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	62,535,515	33,086,308
Borrowings	18	15,584,648	10,384,294
Provisions	19	2,765,771	2,396,657
Contract income in advance	12	1,213,049	3,016,984
<b>Total current liabilities</b>		<b>82,098,983</b>	48,884,243
<b>Non-current liabilities</b>			
Borrowings	20	26,403,309	17,841,316
Deferred tax liabilities	21	2,336,632	1,570,025
Provisions	22	217,599	226,971
<b>Total non-current liabilities</b>		<b>28,957,540</b>	19,638,312
<b>Total liabilities</b>		<b>111,056,523</b>	68,522,555
<b>Net assets</b>		<b>56,756,344</b>	59,131,583
<b>EQUITY</b>			
Contributed equity	23	37,148,672	29,170,572
Other reserves	24	500,191	338,982
Retained earnings	24(b)	19,107,481	29,622,029
<b>Total equity</b>		<b>56,756,344</b>	59,131,583

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

Consolidated Statement of Changes in Equity  
FOR YEAR ENDED 30 JUNE 2015

	Notes	Attributable to owners of Brierty Limited			Total Equity
		Contributed Equity	Equity Benefits Reserve	Retained Earnings	
		\$	\$	\$	\$
<b>Balance at 1 July 2013</b>		29,170,572	304,179	23,040,324	52,515,075
Profit for year		-	-	9,881,705	9,881,705
<b>Total comprehensive income for the year</b>		-	-	9,881,705	9,881,705
<b>Transactions with owners in their capacity as owners:</b>					
Dividends provided for or paid	26		-	(3,300,000)	(3,300,000)
Share based payment		-	34,803	-	34,803
		-	34,803	(3,300,000)	(3,265,197)
<b>Balance at 30 June 2014</b>		29,170,572	338,982	29,622,029	59,131,583
<b>Balance at 1 July 2014</b>		<b>29,170,572</b>	<b>338,982</b>	<b>29,622,029</b>	<b>59,131,583</b>
Profit for year		-	-	<b>3,111,702</b>	<b>3,111,702</b>
<b>Total comprehensive income for the year</b>		-	-	<b>3,111,702</b>	<b>3,111,702</b>
<b>Transactions with owners in their capacity as owners:</b>					
New capital raised	23	<b>7,978,100</b>	-	-	<b>7,978,100</b>
Dividends provided for or paid	26	-	-	<b>(13,626,250)</b>	<b>(13,626,250)</b>
Share based payment		-	<b>161,209</b>	-	<b>161,209</b>
		<b>7,978,100</b>	<b>161,209</b>	<b>(13,626,250)</b>	<b>(5,486,941)</b>
<b>Balance at 30 June 2015</b>		<b>37,148,672</b>	<b>500,191</b>	<b>19,107,481</b>	<b>56,756,344</b>

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

## Consolidated Statement of Cash Flows

### FOR YEAR ENDED 30 JUNE 2015

	Notes	2015	2014
<b>Cash flows from operating activities</b>		\$	\$
Receipts from customers (inclusive of GST)		261,646,084	297,856,655
Payments to suppliers and employees (inclusive of GST)		(260,879,551)	(261,984,286)
Other revenue		540,402	705,013
Income taxes received / (paid)		268,451	(5,596,284)
Interest received		147,651	298,351
Finance costs		(3,510,511)	(2,812,803)
<b>Net cash (outflow) inflow from operating activities</b>	34	<b>(1,787,474)</b>	28,466,646
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,966,466)	(1,712,378)
Proceeds from sale of property, plant and equipment		970,738	832,601
<b>Net cash (outflow) from investing activities</b>		<b>(1,995,728)</b>	(879,777)
<b>Cash flows from financing activities</b>			
New capital raised		7,820,600	-
Repayment of borrowings		(14,830,000)	(10,593,595)
Dividends paid to company's shareholders	26	(13,626,250)	(3,300,000)
<b>Net cash (outflow) from financing activities</b>		<b>(20,635,650)</b>	(13,893,595)
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(24,418,852)</b>	13,693,274
Cash and cash equivalents at the beginning of the financial year		27,179,608	13,486,334
<b>Cash and cash equivalents at end of period</b>	10	<b>2,760,756</b>	27,179,608

## 1 Corporate Information

The consolidated financial statements of Brierty Limited and its subsidiaries (the Group) for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 29 September 2015.

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

The nature of the operations and principal activities of the Group are described in the Director's Report. Information on the Group's structure is provided in note 25. Information on other related party relationships is provided in note 33.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

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

The financial report is presented in Australian dollars.

#### **Historical cost convention**

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

#### **Going Concern**

For the year ended 30 June 2015 the Group has recorded a net profit after tax of \$3,111,702 (30 June 2014: \$9,881,705) and incurred net operating cash outflows of \$1,787,474 (30 June 2014 inflow: \$28,466,646). As at 30 June 2015 the Group had a net current asset deficiency of \$4,698,544 (30 June 2014 net current assets: \$23,195,801) including cash and cash equivalents of \$2,760,756 (30 June 2014: \$27,179,608). The Group has a working capital facility which provides the Group access to \$20,000,000 in available funds. The financial covenants

attached to this facility were in breach at period end.

The Group prepares rolling 12 month cash flow forecasts. The 12 month cash flow forecast to 30 September 2016 indicates that the Group will not require additional funding during the period. However, as the Group is in breach of its financial covenants in relation to the working capital facility, the Group will require the ongoing financial support of its financiers. If the ongoing financial support is not forthcoming, the Directors have reasonable grounds to believe that they will be able to source alternative debt or raise additional equity capital to meet this requirement.

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to achieve the matters set out above, to enable it to meet its obligations as and when they fall due.

Should the Company and the Group not achieve the matters set out above, there is uncertainty whether the Company and the Group would continue as going concerns and therefore whether they would realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability or classification of the recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Company and the Group not be able to continue as going concerns.

### 2.2 Compliance with IFRS

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

### 2.3 Changes in accounting policy, accounting standards and interpretations

#### *New and amended accounting standards and interpretations*

In the current year, the Group has adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board effective as of 30 June 2015, including:

## Notes to the Consolidated Financial Statements FOR YEAR ENDED 30 JUNE 2015

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

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

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

### Interpretation 21 Levies

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

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

### AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

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

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

### AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]

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

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

### AASB 1031 Materiality

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

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

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

### AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments

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

Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Application date of standard - 20 December 2013. Application date for Group - 30 June 2014.

Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Application date of standard - 1 January 2014. Application date for Group - 1 July 2014.

Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6. Hedge Accounting into AASB 9 Financial Instruments. Application date of standard - 1 January 2015. Application date for Group - 1 July 2015.

### **Accounting standards and interpretations issued but not yet effective**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2015. The impact of the relevant standards and interpretations outlined below has not yet been determined.

### AASB 9 Financial Instruments

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

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

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

- (a) Financial assets that are debt instruments will be classified on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
- (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
  - » the change attributable to changes in credit risk are presented in other comprehensive income (OCI);
  - » the remaining change is presented in profit or loss.

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

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

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

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

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

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

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

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

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

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

IFRS 15 Revenue from Contracts with Customers\*

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

IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue

## Notes to the Consolidated Financial Statements

### FOR YEAR ENDED 30 JUNE 2015

and cash flows arising from an entity's contracts with customers.

IFRS 15 supersedes:

- (a) IAS 11 Construction Contracts
- (b) IAS 18 Revenue
- (c) IFRIC 13 Customer Loyalty Programmes
- (d) IFRIC 15 Agreements for the Construction of Real Estate
- (e) IFRIC 18 Transfers of Assets from Customers
- (f) SIC-31 Revenue - Barter Transactions Involving Advertising Services

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

- (a) Step 1: Identify the contract(s) with a customer
- (b) Step 2: Identify the performance obligations in the contract
- (c) Step 3: Determine the transaction price
- (d) Step 4: Allocate the transaction price to the performance obligations in the contract
- (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Early application of this standard is permitted.

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

#### **(a) Principles of consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

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

- » The ability to use its power over the investee to affect its returns.

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

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

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

In preparing the consolidated financial statements, all intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

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

- » De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- » De-recognises the carrying amount of any non-controlling interests;
- » De-recognises the cumulative translation differences recorded in equity;
- » Recognises the fair value of the consideration received;
- » Recognises the fair value of any investment retained;
- » Recognises the surplus or deficit in profit or loss;
- » Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings,



as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**(b) Investment in associates and joint arrangements**

The Group has interests in joint arrangements that are joint operations. A joint operation is a type of joint arrangement whereby the parties have a contractual agreement to undertake an economic activity that is subject to joint control. A joint operation involves use of assets and other resources of the ventures rather than the establishment of a separate entity. The Group recognises its interests in the joint operations by recognising its interests in the assets and liabilities of the joint operation, including its share of any assets held and liabilities incurred jointly. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods and services by the joint operations, including any expenses incurred and revenue received jointly. Details relating to the joint operations are set out in note 30.

**(c) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components

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

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

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

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

**(d) Foreign currency translation**

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

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

**(e) Revenue**

**(i) Construction contracting**

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

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

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

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

**(ii) Mining contracting**

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

**(iii) Of land**

Revenue and profits from the sale of blocks from completed stages of land subdivisions are recognised on

## Notes to the Consolidated Financial Statements

### FOR YEAR ENDED 30 JUNE 2015

settlement of the sale. This represents the point when risks and rewards have passed to the buyer

#### **(iv) Hire of equipment**

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

#### **(f) Income tax**

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

#### **Tax consolidation legislation**

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

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

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

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

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

#### **(g) Leases**

##### **(i) Group as a lessee**

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

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

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

##### **(ii) Group as a lessor**

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the

leased asset and recognised as an expense over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**(h) Business combinations**

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

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

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

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

**(i) Impairment of non-financial assets**

The Group does not currently have goodwill and intangible assets. Accordingly all relevant assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest

levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**(j) Cash and cash equivalents**

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

**(k) Trade receivables**

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

## Notes to the Consolidated Financial Statements FOR YEAR ENDED 30 JUNE 2015

### (l) Inventories

#### (i) Fuel, spares and major components

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

#### (ii) Construction work in progress

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

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

WIP is classified as a current asset where it is expected to be recovered within 12 months. In some cases, such as for long term mining contracts, WIP might be recovered over a longer period, and the portion of WIP that will be recovered after 12 months is classified as a non-current asset.

#### (iii) held for resale

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

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

Land held for residential development is classified as current when lots within the development are expected to be sold within 12 months

### (m) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the reporting period in which they are incurred.

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

	2015	2014
Major Plant & Equipment	Hours of Production	Hours of Production
Minor Plant & Equipment	3 - 9 years	3 - 9 years
Motor Vehicles	4 - 5 years	4 - 5 years
Office Furniture & Fittings	1 - 9 years	1 - 9 years

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

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

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

### (n) Trade and other payables

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

### (o) Borrowings

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

**(p) Borrowing costs**

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

**(q) Provisions**

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

**(r) Employee benefits**

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

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

**(ii) Long service leave**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**(iii) Share-based payments**

Share-based compensation benefits are provided to employees via the Brierty Limited Employee Option Plan, long term incentive plan and an employee share scheme. Information relating to these schemes is set out in note 36.

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

The fair value at grant date is independently determined using a Binomial model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of options granted is adjusted to reflect market vesting conditions, but excludes the impact of non market vesting conditions (for example, profitability and sales growth targets). Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

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

## Notes to the Consolidated Financial Statements FOR YEAR ENDED 30 JUNE 2015

### **(s) Contributed equity**

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

### **(t) Dividends**

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

### **(u) Earnings per share**

#### **(i) Basic earnings per share**

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

#### **(ii) Diluted earnings per share**

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

### **(v) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

## **3 Financial risk management**

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

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

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

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

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

	Notes	2015 \$	2014 \$
<b>Financial assets</b>			
Cash and cash equivalents		<b>2,760,756</b>	27,179,608
Trade and other receivables		<b>31,053,195</b>	23,524,424
		<b>33,813,951</b>	50,704,032
<b>Financial liabilities</b>			
Trade and other payables		<b>62,535,515</b>	33,086,308
Borrowings		<b>41,987,957</b>	28,225,610
		<b>104,523,472</b>	61,311,918

**(a) Market risk**

**(i) Foreign exchange risk**

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

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

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

**(ii) Interest rate risk management**

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

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

The impact of a 0.5% (2014: 0.5%) increase or decrease in interest rate on cash deposit (being the only financial assets subject to Australian variable interest rate risk) would be a profit and equity increase or decrease of approximately \$13,804 per annum (2014: \$135,898).

	30 June 2015		30 June 2014	
	Weighted average	Balance	Weighted average	Balance
	Interest rate	\$	Interest rate	\$
Cash Balance	<b>2.00 %</b>	<b>2,760,756</b>	2.50 %	27,179,608
Bank Overdraft	<b>7.75 %</b>	<b>0</b>	8.00 %	0

## Notes to the Consolidated Financial Statements FOR YEAR ENDED 30 JUNE 2015

### (b) Credit risk

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

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

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

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

### (c) Liquidity risk

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

The Group's banker imposes certain debt covenants relating to gearing (gearing ratios at year end are detailed in Note 23). The Board discuss with management its capital requirements and borrowings to date. This is aimed at balancing the needs of all stakeholders and providing sufficient capital needs for meeting contractual obligations and driving strategic growth.

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

#### Maturity analysis of financial liabilities based on contractual terms

	Less than 6 months	6 - 12 months	Between 1 and 5 years	Over 5 years
<b>2015 Financial Liabilities</b>	\$	\$	\$	\$
Trade payables	62,535,515	-	-	-
Hire purchase liabilities	9,210,499	8,305,475	28,250,291	-
<b>Total</b>	<b>71,746,014</b>	<b>8,305,475</b>	<b>28,250,291</b>	<b>-</b>

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

### (d) Fair value measurements

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

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

- » Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The methods for estimating fair value are outlined in the relevant notes to the financial statements. The carrying amounts continue to approximate their fair values except for the hire purchase liabilities which have a carrying value of \$41,987,957 and a fair value of \$43,730,457.

All financial assets and liabilities are payable within a year with the exception of retentions and hire purchase liabilities which are payable in accordance with the disclosures set out in Note 32.



## 4 Critical accounting estimates and judgements

### (a) Critical accounting estimates and assumptions

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

#### (i) Estimation of Useful Lives of Assets

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

#### (ii) Recovery of Deferred Tax Assets

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

#### (iii) Impairment

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.

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

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

#### (iv) Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined with the assistance of an external valuer using a binomial model. The related assumptions are detailed in note 36. The accounting estimates and assumptions relating to equity settled share based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

## 5 Segment information

### (a) Description of segments

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 resources.

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

#### Reportable segments

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

#### Civil

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

Notes to the Consolidated Financial Statements  
FOR YEAR ENDED 30 JUNE 2015

**Mining**

Contract mining and mine maintenance.

**Land Development**

Residential lot development in Palmerston, Northern Territory.

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

	Civil	Mining	Land Development	Total Operations
<b>2015</b>	\$	\$	\$	\$
<b>Segment revenue</b>				
Total segment revenue	156,160,167	106,657,271	29,542,859	292,360,297
Intersegment transactions	19,609,021	-	-	19,609,021
Intersegment elimination	-	-	-	(19,609,021)
<b>Total contract revenue</b>	<b>175,769,188</b>	<b>106,657,271</b>	<b>29,542,859</b>	<b>292,360,297</b>
Segment result	938,903	7,838,676	2,878,714	11,656,293
Administration overheads	-	-	-	(10,311,765)
Other Income	-	-	-	871,756
Profit before income tax	-	-	-	2,216,284
<b>Segment assets</b>	<b>34,584,403</b>	<b>30,080,636</b>	<b>14,272,924</b>	<b>78,937,963</b>
Inventories of materials and spares	-	-	-	7,886,823
Property plant and equipment	-	-	-	77,166,162
Other unallocated assets	-	-	-	3,821,919
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167,812,867</b>
Unallocated liabilities	-	-	-	111,056,523
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,056,523</b>

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

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

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

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

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

The Group has a number of customers to which it provides both products and services. The most significant customer accounts for 37% of the 2015 turnover and the second most significant customer accounts for 30% with all other customers below 10% (2014: one customer above 10% at 42%) of external revenue.

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

*(i) Accounting policies*

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

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

## 6 Revenue

	2015	2014
	\$	\$
<b>From continuing operations</b>		
Contract Revenue	<b>262,793,115</b>	236,095,179
Hire of Equipment	<b>24,323</b>	604,259
Sale of Land	<b>29,542,859</b>	14,384,765
	<b>292,360,297</b>	251,084,203

## 7 Other income

	2015	2014
	\$	\$
Net gain on disposal of property, plant and equipment	<b>208,026</b>	174,346
Recoveries	<b>310,678</b>	92,549
Interest received and other revenue	<b>353,052</b>	306,556
	<b>871,756</b>	573,451

## 8 Expenses

	2015	2014
	\$	\$
<b>Cost of services and sales</b>		
Cost of providing services	244,042,091	202,938,716
Costs of land sales Bellamack	26,664,145	14,745,363
	<b>270,706,236</b>	217,684,079
<b>Profit before income tax includes the following specific expenses:</b>		
<b>Depreciation</b>		
Administration plant and equipment	616,469	836,218
Operational plant and equipment	8,587,564	9,475,495
	<b>9,204,033</b>	10,311,713
<b>Employee benefits expenses</b>		
Wages and salaries	68,182,188	54,848,878
Superannuation	4,634,626	3,733,682
Share based payments	161,209	34,803
	<b>72,978,023</b>	58,617,363
<b>Finance costs</b>		
Interest and finance charges payable under the hire purchase contracts	2,722,412	2,410,239
Bank facility fees	343,012	398,855
Bank overdraft interest	445,087	3,709
Finance costs expensed	<b>3,510,511</b>	2,812,803

## 9 Income tax expense

### (a) Income tax expense

	2015	2014
	\$	\$
The major components of income tax expenses are:		
Current tax	-	3,212,394
Adjustments for current tax of prior periods	(1,634,856)	(882,286)
Deferred tax - origination and reversal of temporary differences	739,438	659,060
	<b>(895,418)</b>	2,989,168

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

	2015	2014
	\$	\$
Profit from continuing operations before income tax expense	2,216,284	12,870,873
Tax at the Australian tax rate of 30% (2014 - 30%)	664,885	3,861,262
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Employee share-based payment costs	48,363	10,441
Entertainment	26,190	38,782
Other	-	(39,031)
	<b>(790,043)</b>	3,871,454
Adjustments for current tax of prior periods	(1,634,856)	(882,286)
Income tax expense / (benefit)	<b>(895,418)</b>	2,989,168

**(c) Amounts charged or credited directly in equity**

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

**(d) Tax consolidation legislation**

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

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

The entities have also entered into a tax funding agreement under which the wholly owned entity fully compensate

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

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

**(e) Unrecognised temporary differences**

At 30 June 2015, there are no unrecognised temporary differences.

## 10 Current assets - Cash and cash equivalents

	2015	2014
	\$	\$
Cash at bank and in hand	2,760,756	27,179,608
	<b>2,760,756</b>	27,179,608

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

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

	2015	2014
	\$	\$
Balances as above	2,760,756	27,179,608

**(b) Risk exposure**

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

**(c) Cash at bank and on hand**

The credit deposits accrue interest rates of 2.00% (2014: 2.50%).

**(d) Fair value**

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

## 11 Current assets - Trade and other receivables

	2015	2014
	\$	\$
Trade receivables	33,529,924	22,572,802
Retentions	70,787	321,055
Doubtful debts	(3,033,756)	-
Sundry debtors	486,240	630,567
	<b>31,053,195</b>	23,524,424

### (a) Past due but not impaired

As of 30 June 2015 trade receivables of nil (2014: \$452,111) were past due but not impaired.

	2015	2014
	\$	\$
Up to 3 months	-	175,522
3 to 6 months	-	276,589
	-	452,111

### (b) Retentions

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

### (c) Sundry debtors

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

### (d) Foreign exchange and interest rate risk

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

### (e) Fair value and credit risk

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

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

The credit quality of a client is assessed based on an extensive credit check, and where the Group believes a client may pose a credit risk, the client is asked to provide some form of surety as a guarantee. As at 30 June 2015, all trade debtors, other than those past due but not impaired, are current.

## 12 Current assets - Contracts in progress and inventories

	2015	2014
	\$	\$
<b>Current Assets</b>		
Construction work in progress	26,894,858	861,677
Provision for impairment of contracts in progress	(9,076,796)	-
Inventories of materials and spares - at cost	7,886,823	8,056,376
	<b>25,704,885</b>	8,918,053
<b>Non Current Assets</b>		
Construction work in progress	13,246,266	-

(a) **Construction work in progress**

	2015	2014
	\$	\$
Contract costs incurred and recognised profits less recognised losses	<b>183,990,608</b>	64,972,288
Less progress billing	<b>(154,139,329)</b>	(67,127,595)
Inventories of materials and spares - at cost	<b>29,851,279</b>	(2,155,307)

Represented by:	2015	2014
	\$	\$
Amounts due from customers	<b>31,064,328</b>	861,677
Amounts due to customers	<b>(1,213,049)</b>	(3,016,984)
	<b>29,851,279</b>	(2,155,307)

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

Inventories of materials and spares include major component spares totaling \$1,762,138 (2014: \$2,126,466) that are measured at net realisable value. All other inventories are measured at cost.

### 13 Current assets - Current tax receivables

	2015	2014
	\$	\$
Current tax receivables	<b>2,389,798</b>	996,224

### 14 Current assets - Land held for Development

	2015	2014
	\$	\$
Land held for development and resale	<b>14,272,924</b>	10,425,381

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

	2015	2014
	\$	\$
At beginning of year	<b>10,425,381</b>	10,738,964
Additions	<b>27,913,474</b>	14,431,780
Less Sales	<b>(24,065,931)</b>	(14,745,363)
	<b>14,272,924</b>	10,425,381
Disclosed as:		
Current	<b>14,272,924</b>	10,425,381

Notes to the Consolidated Financial Statements  
FOR YEAR ENDED 30 JUNE 2015

(b) *Property held for development and resale*

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

## 15 Non-current assets - Property, plant and equipment

	Plant and equipment	Office furniture and equipment	Motor vehicles	Total
	\$	\$	\$	\$
<b>Year ended 30 June 2014</b>				
Opening net book amount	59,308,914	2,614,753	811,692	62,735,359
Additions	3,732,117	84,059	-	3,816,176
Disposals	(579,110)	-	(86,618)	(665,728)
Depreciation charge	(9,264,476)	(836,218)	(211,019)	(10,311,713)
Closing net book amount	53,197,445	1,862,594	514,055	55,574,094
<b>At 30 June 2014</b>				
Cost or fair value	107,024,916	3,989,148	2,095,899	113,109,963
Accumulated depreciation	(53,827,471)	(2,126,554)	(1,581,844)	(57,535,869)
Net book amount	53,197,445	1,862,594	514,055	55,574,094
<b>Year ended 30 June 2015</b>				
Opening net book amount	53,197,445	1,862,594	514,055	55,574,094
Additions	30,717,594	535,987	305,231	31,558,812
Disposals	(705,932)	-	(56,780)	(762,712)
Depreciation charge	(8,374,854)	(634,520)	(194,658)	(9,204,032)
Closing net book amount	74,834,253	1,764,061	567,848	77,166,162
<b>At 30 June 2015</b>				
Cost	135,072,530	4,524,763	1,545,328	141,142,621
Accumulated depreciation	(60,238,277)	(2,760,702)	(977,480)	(63,976,459)
<b>Net book amount</b>	<b>74,834,253</b>	<b>1,764,061</b>	<b>567,848</b>	<b>77,166,162</b>

Refer to note 18 and 20 for details of asset encumbrances.



## 16 Non-current assets - Deferred tax assets

	Notes	2015	2014
		\$	\$
The balance comprises temporary differences attributable to:			
Annual Leave		631,167	584,103
Long Service Leave		172,197	182,953
Productivity		91,646	20,033
Accrued bonuses		-	169,500
Capital costs		86,327	129,490
Accrued audit fee		13,500	20,879
Unpaid superannuation		117,231	80,202
Current year tax loss carried forward		876,785	-
Prepayments		-	14,836
Borrowing costs		21,868	21,868
Doubtful debts		910,127	
		<b>2,920,848</b>	1,223,864
Set-off of deferred tax liabilities	21	<b>(2,920,848)</b>	(1,223,864)
Net Deferred tax assets		-	-

## 17 Current liabilities - Trade and other payables

	2015	2014
	\$	\$
Trade payables	44,568,366	23,310,757
Accrued expenses	16,817,043	8,810,810
Insurance - Premium Funding	1,091,379	964,741
Other payables	58,727	-
	<b>62,535,515</b>	33,086,308

### (a) Fair Value

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

## 18 Current liabilities - Borrowings

	2015	2014
	\$	\$
<b>Secured</b>		
Lease liabilities (note 32)	15,584,648	10,384,294

### (a) Security and fair value disclosures

Information about the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided in note 20.

### (b) Loans from related parties

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

## 19 Current liabilities - Provisions

	2015	2014
	\$	\$
<b>Employee Benefits</b>		
Long service leave	356,391	382,873
Annual leave	2,103,894	1,947,009
Productivity payment	176,285	1,479
Other provisions	129,201	65,296
	<b>2,765,771</b>	2,396,657

## 20 Non-current liabilities - Borrowings

	2015	2014
	\$	\$
<b>Secured</b>		
HP liabilities (note 32)	26,403,309	17,841,316

### (a) Secured liabilities and assets pledged as security

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

	2015	2014
	\$	\$
<b>Secured</b>		
HP purchase liabilities	41,987,957	28,225,610

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

	Notes	2015	2014
		\$	\$
<b>Current</b>			
<i>Floating charge</i>			
Cash and cash equivalents	10	2,760,756	27,179,608
Receivables		31,053,195	23,524,424
Other		43,586,488	21,376,012
Total current assets pledged as security		<b>77,400,439</b>	72,080,044
<b>Non-current</b>			
<i>Finance lease</i>			
Plant and equipment		57,395,939	49,943,846
<i>Floating charge</i>			
Plant and equipment		19,770,223	5,630,248
Work in progress		13,246,266	-
Total non-current assets pledged as security	15	<b>90,412,428</b>	55,574,094
Total assets pledged as security		<b>167,812,867</b>	127,654,138

**(b) Interest rate risk exposures**

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

Exposures arise predominantly from liabilities bearing variable interest rates.

**(c) Financing arrangements**

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

	2015	2014
	\$	\$
<b>Floating rate</b>		
- expiring within one year (bank overdraft)	30,000,000	20,000,000
<b>Used at balance date</b>		
Bank guarantees	8,130,544	11,586,696

The bank overdraft facilities are repayable on demand, subject to annual review and can be cancelled by the bank. Refer to note 29 for more detail.

**(d) Fair value**

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
<b>On-balance sheet</b>				
<i>Non-traded financial liabilities</i>				
Hire purchase liabilities	41,987,957	43,730,457	28,225,610	29,760,661

Interest rates used to discount estimated cash flows of borrowings to arrive at the fair value of borrowings, are based on current rates available in the market, and were assessed to be 4.15% (2014: 5.44%). The HP liabilities have been classified as level 2 within the fair value hierarchy.

## 21 Non-current liabilities - Deferred tax liabilities

	2015	2014
	\$	\$
<b>The balance comprises temporary differences attributable to:</b>		
Property, plant and equipment	4,607,354	2,265,520
Stock of parts - materials	584,990	372,864
Workers compensation prepaid	21,812	84,965
Diesel fuel rebate	43,324	70,540
Total deferred tax liabilities	5,257,480	2,793,889
Set-off of deferred tax assets pursuant to set-off provisions	(2,920,848)	(1,223,864)
Net deferred tax liabilities	2,336,632	1,570,025

## 22 Non-current liabilities - Provisions

	2015	2014
	\$	\$
Employee benefits - long service leave	217,599	226,971

## 23 Contributed equity

### (a) Share capital

	Notes	2015	2014	2015	2014
		Shares	Shares	\$	\$
Ordinary shares	23(b)	126,950,000	110,000,000	37,148,672	29,170,572
		126,950,006	110,000,000	37,148,672	29,170,572

	2015	2014	2015	2014
	Shares	Shares	\$	\$
Ordinary shares At the beginning of reporting period				
Opening balance	110,000,000	110,000,000	29,170,572	29,170,572
Capital raised	16,500,000	-	7,820,600	-
Issued to executives	450,000	-	157,500	-
At end of reporting period	126,950,000	110,000,000	37,148,672	29,170,572

### (b) Ordinary shares

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

### (c) Capital risk management

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain returns to shareholders and benefits for other

stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

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

Management monitor capital through the gearing ratio (net debt/total capital). Current gearing ratios are considered acceptable. The gearing ratios at 30 June 2015 and 30 June 2014 were as follows:

	2015	2014
	\$	\$
Total borrowings	41,987,957	28,225,610
Less: cash and cash equivalents	(2,760,756)	(27,179,608)
Net debt	39,227,201	1,046,002
Total equity	56,756,344	59,131,583
Total capital	95,983,545	60,177,585
Gearing ratio	41%	2%

## 24 Other reserves and retained earnings

### (a) Other reserves

	Notes	2015	2014
		\$	\$
Share-based payments		500,191	338,982
<b>Movements:</b>			
<i>Share-based payments</i>			
Opening balance		338,982	304,179
Share based payments	36	161,209	34,803
Balance 30 June		500,191	338,982

### (b) Retained earnings

Movements in retained earnings were as follows:

	Notes	2015	2014
		\$	\$
Opening retained earnings		29,622,029	23,040,324
Net profit for the period		3,111,702	9,881,705
Dividends	26	(13,626,250)	(3,300,000)
Closing retained earnings		19,107,481	29,622,029

### (c) Nature and purpose of other reserves

#### (i) Share-based payments reserve

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

## 25 Subsidiaries

### (a) Significant investments in subsidiaries

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

	Country of incorporation	Class of shares	Equity holding	
			2015 %	2014 %
<b>Controlled entities</b>				
Bellamack Pty Ltd	Australia	Ordinary	100	100
Brierty International Pty Ltd	Australia	Ordinary	100	100
Brierty Middle East Pty Ltd	UAE	Ordinary	100	-

## 26 Dividends

### (a) Dividends paid and proposed

Declared and paid during the year:

	2015	2014
	\$	\$
Final dividend for the year ended 30 June 2014 of 1.75 cents (as recommended in the 2014 financial report) (2013: 1.75 cents) fully franked on tax paid @ 30%	1,925,000	1,925,000
Special dividend of 8 cents per share (2014: Nil), fully franked based on tax paid @30%	10,120,000	-
Interim dividend for the year ended 30 June 2015 of 1.25 cents (2014: 1.25 cents) per share, fully franked based on tax paid @ 30%:	1,581,250	1,375,000
	<b>13,626,250</b>	3,300,000
Proposed final dividend (not recognised as a liability at 30 June):		
No final dividend for the year ended 30 June 2015 (2014: 1.75 cents) per share, fully franked based on tax paid @ 30%	-	1,925,000

### (b) Franked dividends

	2015	2014
	\$	\$
Franking account balance at the end of the financial year at 30% (2014: 30%)	7,392,186	11,123,565
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	309,783
Franking debits that will arise from the payment of dividends as at the end of the financial year	-	(825,000)
Franking credits that will arise from the receipt of dividends as at the end of the financial year	-	-
	<b>7,392,186</b>	10,608,348

### (c) Tax rates

The rate at which paid dividends have been franked is 30% (2014: 30%).

## 27 Key management personnel disclosures

### (a) Key management personnel compensation

	2015	2014
	\$	\$
Short-term employee benefits	2,141,803	2,459,367
Post-employment benefits	113,017	86,802
Long-term benefits	26,775	25,343
Share-based payments	161,209	118,367
	<b>2,442,804</b>	2,689,879

Detailed remuneration disclosures are provided in the remuneration report on pages 41 to 49.

### (b) Other transactions with key management personnel

Other transactions with Directors are disclosed in Note 33 Related Party Transactions as they are not in the nature of remuneration.

## 28 Remuneration of auditors

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

### (a) Ernst & Young

#### (i) Audit and other assurance services

	2015	2014
	\$	\$
<i>Audit and other assurance services</i>		
Audit and review of financial statements	130,950	135,000
Total remuneration for audit and other assurance services	130,950	135,000
<i>Taxation services</i>		
Tax compliance services	26,000	30,000
Tax advisory services	45,095	164,000
Total remuneration for taxation services	71,095	194,000
<i>Other services</i>		
Other advisory services	299,677	30,000
Total remuneration for other services	299,677	30,000
Total remuneration of Ernst & Young	501,722	359,000

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

## 29 Contingencies

### Guarantees

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

A performance bond facility of \$30,000,000 (2014: \$25,000,000) exists with Vero Insurance Limited secured by a Deed of Indemnity and Guarantee provided by the Parent Company. At 30 June 2015 \$17,796,270 (2014: \$11,835,249) of this facility was utilised.

Brierty Limited has a \$30,000,000 bank guarantee and overdraft facility (2014: \$20,000,000) established with their bankers. This facility is reduced by the amount of any bank overdraft that is utilised by the Group (at 30 June 2015 and 30 June 2014 the bank overdraft utilised was nil

and nil respectively). At 30 June 2015 \$8,273,369 (2014: \$11,586,696) of the bank guarantee facilities were utilised.

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

### 30 Interests in joint arrangements

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

A joint operating agreement establishing the Brierty Karlayura joint operation was executed July 2013. The joint operation completed its first project in February 2014, and

is currently delivering its second project, being roadworks for Rio Tinto, at their West Angelas site.

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 North West Coastal Highway

The Group has the following interests in joint operations:

Joint operation	Principal activities	Ownership interest %	
		2015	2014
Brierty NYFL Joint Operation	Urban infrastructure works	70%	70%
Brierty-Karlayura Joint Operation	Road construction	70%	70%
Brierty - Bocol	Road construction	83%	Nil

#### (a) Joint operation

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

	2015	2014
	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	4,508,246	3,450,505
Trade receivables	12,664,169	2,068,643
Inventories	-	73,453
Current tax receivables	-	585,288
Total current assets	17,172,415	6,177,889
<b>Total assets</b>	17,172,415	6,177,889
<b>Current liabilities</b>		
Trade payables	17,325,595	4,495,650
Retentions	-	3,047,909
Total current liabilities	17,325,595	7,543,559
<b>Total liabilities</b>	17,325,595	7,543,559
<b>Net assets</b>	(153,180)	(1,365,670)
<b>Share of operation's revenue, expenses and results</b>		
Revenue	53,816,345	21,499,148
Expenses	(51,834,810)	(22,179,922)
Profit before income tax	1,981,535	(680,774)



**(b) Commitments relating to the joint operations**

There were no capital commitments relating to the joint operations as at 30 June 2015 (2014: nil).

**(c) Contingent liabilities relating to joint operations**

There were no contingent liabilities relating to the joint operations as at 30 June 2015 (2014: nil).

**(d) Impairment**

No assets employed in the joint operations were impaired during the year ended 30 June 2015 (2014: nil).

**(e) Fair value**

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

## 31 Events occurring after the reporting period

There have been no matters or circumstances that have arisen since 30 June 2015 that have or may significantly affect the operations results or state of affairs of the Group in future financial periods.

## 32 Commitments

**(a) Lease commitments: group as lessee**

**(i) Non-cancellable operating leases**

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

	2015	2014
	\$	\$
<b>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</b>		
Within one year	<b>3,428,072</b>	2,527,957
Later than one year but not later than five years	<b>3,383,666</b>	3,005,369
Later than five years	-	-
	<b>6,811,738</b>	5,533,326

**(ii) Non-cancellable property leases**

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

	2015	2014
	\$	\$
<b>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</b>		
Within one year	<b>937,092</b>	991,020
Later than one year but not later than five years	<b>2,322,768</b>	2,222,752
Later than five years	<b>193,564</b>	185,229
	<b>3,453,424</b>	3,399,001

## Notes to the Consolidated Financial Statements FOR YEAR ENDED 30 JUNE 2015

### (iii) Hire purchase

The Group has various plant and equipment with a carrying amount of \$56,800,845 (2014: \$34,881,914) under hire purchase contracts leases expiring within one to five years.

	2015	2014
	\$	\$
<b>Commitments in relation to finance leases are payable as follows:</b>		
Within one year	<b>17,517,527</b>	12,018,542
Later than one year but not later than five years	<b>28,250,291</b>	18,850,804
Minimum lease payments	<b>45,767,818</b>	30,869,346
Future finance charges	<b>(3,779,861)</b>	(2,643,736)
Total lease liabilities	<b>41,987,957</b>	28,225,610
<b>Representing lease liabilities:</b>		
Current (note 18)	<b>15,584,648</b>	10,384,294
Non-current (note 20)	<b>26,403,309</b>	17,841,316
	<b>41,987,957</b>	28,225,610

The weighted average interest rate implicit in the hire purchase contracts is 6.40% (2014: 7.33%)

As at 30 June 2015, the Group had contractual obligations to purchase equipment for the contract at Western Turner Syncline to the value of \$1,100,000 (2014: \$26,535,000).

## 33 Related party transactions

### (a) Directors

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

### (b) Key management personnel

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

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

During the year, the Group hired two water carts from Erwin & Associates, a company owned by R.Erwin. Erwin & Associates was paid \$120,000 (2014: \$120,000). \$22,000 was owing to Erwin & Associates at the end of the financial year. (2014: \$11,000).

### (c) Transactions with KMP and their related parties

During the year, the Group paid rent to Jamstakes Pty Ltd (a company owned by Alan & Kylie Brierty and other shareholders of Brierty), the owner of the premises at 38

Mandarin Rd, Maddington. Rent totaling \$356,400 (2014: \$356,400) was paid during the year in accordance with a lease agreement on normal terms and conditions. There was no amounts owing to or from Jamstakes Pty Ltd at the end of the financial year.

Gooding Partners, an accounting practice in which Mr D L Gooding is a partner, provided consulting services in relation to due diligence activities, for which Gooding Partners were paid \$53,353 (2014: \$16,000). Nil was owing to Gooding Partners at the end of the financial year (2014: \$16,000).

During the year, the Group paid Richard O'Shannassy and Associates \$2,138 (2014: nil) for legal services provided. Nil was owing at the end of the financial year.

During the year, the Group paid Ken Hellsten \$5,000 (2014: \$20,000) for consulting services. Nil was owing at the end of the financial year.

### (d) Loans to/from related parties

There were no loans to/from related parties during the year ended 30 June 2015 (2014: nil).

### (e) Guarantees

There are no guarantees provided by a related party.

## 34 Cash Flow Statement Reconciliation

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

	2015	2014
	\$	\$
Profit for the year	3,111,702	9,881,705
Depreciation and amortisation	9,204,033	10,311,713
Non-cash employee benefits expense - share-based payments	318,709	34,803
Net (gain) loss on sale of non-current assets	(208,026)	(174,346)
(Decrease) increase in income in advance	(1,803,935)	(1,501,506)
(Increase) decrease in inventories and work in progress	(33,880,641)	7,900,110
(Decrease) increase in trade creditors and sundry creditors	21,929,974	(17,486,757)
(Increase) decrease in trade debtors	(192,065)	23,328,435
(Increase) decrease in deferred tax assets	(1,393,574)	(996,224)
Increase in deferred tax liabilities	766,607	(1,611,965)
Increase (decrease) in other provisions	359,742	(1,219,322)
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(1,787,474)</b>	<b>28,466,646</b>

### (b) Non Cash Financing and Investing Activities

During the year \$27,005,032 (2014: \$2,131,245) of assets were acquired by means of hire purchase contracts.

## 35 Earnings per share (EPS)

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

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

### (a) Basic earnings per share

	2015	2014
	cents	cents
Total basic earnings per share attributable to the ordinary equity holders of the company	2.45	8.98

### (b) Diluted earnings per share

	2015	2014
	cents	cents
Total diluted earnings per share attributable to the ordinary equity holders of the company	2.45	8.85

## Notes to the Consolidated Financial Statements FOR YEAR ENDED 30 JUNE 2015

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

	2015	2014
	\$	\$
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
From continuing operations	3,111,702	9,881,705
<i>Diluted earnings per share</i>		
Profit from continuing operations attributable to the ordinary equity holders of the company		
Used in calculating diluted earnings per share	3,111,702	9,881,705

### (d) Weighted average number of shares used as denominator

	2015	2014
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	126,950,000	110,000,000
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	126,950,000	110,000,000

### (e) Information on the classification of securities

#### (i) Options

The options vested up to 30 June 2015 (3,279,374) are out of the money as the option price is higher than the current share price and are considered antidilutive.

#### (ii) Post balance date

Since the end of 30 June 2015, the number of performance options forfeited was nil (2014: 354,167). There were no other options granted, vested, forfeited or exercised post balance date.

## 36 Share-based payments

### (a) Types of share based payment plans

#### Employee share option plan (ESOP)

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

No options have been granted under the scheme to date.

#### Executive long term incentive

Under the executive long term incentive awards are made to executives who have an impact on the Group's

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

#### Long term incentive program (LTIP)

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

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

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

**Issue of options under employment contract**

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

**Continuous employment options**

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

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

**Performance based options**

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

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

Performance based options granted during the year ended 30 June 2015:

No options vested to Mr McBain based on his performance during the year ended 30 June 2015 (2014: 283,332). Refer to the remuneration report (audited) for additional disclosures relating to the options.

**Issue of shares under LTIP**

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

**(b) Fair value of options granted**

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

**Continuous Employment options**

	<b>Value per option</b>
Exercisable after - 7 March 2012	20.8 cents
- 7 March 2013	21.6 cents
- 7 March 2014	22.5 cents

**Performance based options**

	<b>Value per option</b>
Exercisable after - 30 September 2012	22.0 cents
- 30 September 2013	22.6 cents
- 30 September 2014	23.4 cents

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

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

- (i) share price at grant date: \$0.315
- (ii) grant date: 7 March 2011
- (iii) exercise price: as detailed above
- (iv) expiry date: as detailed above.
- (v) expected price volatility of the company's shares: 133%.
- (vi) expected dividend yield: 12.0%.
- (vii) risk-free interest rate: 2.98%.

## Notes to the Consolidated Financial Statements FOR YEAR ENDED 30 JUNE 2015

### (c) Fair value of shares granted

The assessed fair value at grant date of the shares to the executives during the year ended 30 June 2015 was nil.

### (d) Expenses arising from share-based payment transactions

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

	2015	2014
	\$	\$
Expense arising from equity-settled share based payment transactions	<b>161,209</b>	34,803

## 37 Parent entity financial information

### (a) Summary financial information

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

	2015	2014
	\$	\$
<b>Balance sheet</b>		
Current assets	<b>75,734,520</b>	63,318,854
Non-current assets	<b>90,412,430</b>	55,574,096
Assets	<b>166,146,950</b>	118,892,950
Current liabilities	<b>90,750,469</b>	47,026,035
Non-current liabilities	<b>28,957,540</b>	19,638,312
Liabilities	<b>119,708,009</b>	66,664,347
Net assets	<b>46,438,941</b>	52,228,603
<i>Shareholders' equity</i>		
Issued capital	<b>37,148,672</b>	29,170,572
Reserves		
Share-based payments	<b>500,191</b>	338,982
Retained earnings	<b>8,790,078</b>	22,719,049
	<b>46,438,941</b>	52,228,603
<b>Profit or loss for the year</b>	<b>(302,722)</b>	10,777,405
<b>Total comprehensive income</b>	<b>(302,722)</b>	10,777,405

**(b) Guarantees entered into by the parent entity**

The parent entity has provided no financial guarantees in respect of loans of subsidiaries. Guarantees entered into by joint ventures are via those entities directly.

**(c) Contingent liabilities of the parent entity**

Other than those guarantees and performance bonds disclosed in Note 29 the parent entity did not have any contingent liabilities as at 30 June 2015 or 30 June 2014.

**(d) Tax consolidation legislation**

Brierty Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation from 1 July as at 30 June 2015 or 30 June 2014. The accounting policy in relation to this legislation is set out in note 2(f).

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

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

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of the financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax installments. The funding amounts are recognised as the current intercompany receivables or payables (see note 30).

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

As at 30 June 2015, the parent entity had contractual obligations to purchase equipment for the Western Turner Syncline Project to the value of \$1,100,000 (2014: \$26,535,000).



## DIRECTORS' DECLARATION

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

In the directors' opinion:

- (a) the financial statements and notes set out on pages 59 to 93 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.2.
- (c) subject to the matters disclosed in Note 2.1, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and

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

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



Dalton L Gooding

Director



Peter McBain

Director

Perth, Western Australia

29 September 2015





Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

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

### Report on the financial report

We have audited the accompanying financial report of Brierty Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2.2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's responsibility

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

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

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

### Independence

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



### Opinion

In our opinion:

- a. the financial report of Brierty Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.2.

### Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2.1 in the financial report. The matters set forth in Note 2.1 indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

### Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Opinion

In our opinion, the Remuneration Report of Brierty Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

G H Meyerowitz  
Partner  
Perth  
29 September 2015

## SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 August 2015.

### A. Distribution of equity securities

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

Holding	Class of equity security Ordinary shares		
	Number of Shareholders	Shares	% of Issued Capital
1 - 1000	63	23,756	.02%
1,001 - 5,000	449	1,390,381	1.10%
5,001 - 10,000	297	2,556,759	2.01%
10,001 - 100,000	866	29,780,148	23.46%
100,001 and over	138	93,198,955	73.41%
	1,813	126,950,000	100.00%

### B. Equity security holders

Twenty largest quoted equity security holders

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

Name	Ordinary Shares	
	Number held	Percentage of issued shares
Mr Alan Robert Brierty	19,250,000	15.20
Ms Kylie Ann Brierty	17,711,955	14.00
National Nominees Ltd	6,934,693	5.50
Mr Kenneth John Beer <Beer Super Fund A/c>	4,640,016	3.70
Bond Street Custodians <Intelligent Inv Wholesale>	2,775,589	2.20
Mr Alan Brierty	2,650,000	2.10
Lincoln Properties Pty Ltd <Anderson Super Fund A/c>	1,580,000	1.20
Treasure Island Hire Boat Company Pty Ltd <Staff Super Fund Account>	1,500,000	1.20
Mr Michael Sloan	1,368,970	1.10
Moulyinning Nominees Pty Ltd <Gooding Family S/Fund A/c>	1,287,500	1.00
Mr Tim Abrahams	1,150,000	0.90
Mrs Ruth Anne Sutton <The Sutton Family A/c>	1,150,000	0.90
Mr Victor Jay <The Jay Family A/c>	1,100,000	0.90
Mr Alan Robert Brierty + Mrs Kylie Ann Brierty <A & K Brierty Super Fund A/c>	1,095,000	0.90
Kailva Pty Ltd <Superannuation A/c>	1,000,000	0.80
Avebury Investments Pty Ltd <Avebury Investment A/c>	811,500	0.60
Mr Michael John Horn + Mrs Lynda Anne Wood <Horn Superannuation A/c>	800,000	0.60
Vanward Investments Limited	800,000	0.60
Fort Baramba Pty Ltd	787,463	0.60
Mr Ryan Stewart Brierty <The Brierty Family A/c>	710,000	0.60
	69,102,686	54.60

## C. Substantial holders

Substantial holders in the company are set out below:

Name	Ordinary Shares	
	Number held	Percentage of issued shares
Mr Alan Robert Brierty	19,250,000	15.20%
Ms Kylie Ann Brierty	17,711,955	14.00%
National Nominees Ltd	6,934,693	5.50%

## D. Voting rights

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

### (a) Ordinary shares

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



72 Melville Parade, South Perth WA 6151  
Locked Bag 2001, South Perth WA 6951  
T: +61 8 9267 8000

[www.brierty.com.au](http://www.brierty.com.au)



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