Sedgman Limited [ASX: SDM]

ABN 86 088 471 667

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Level 2, 2 Gardner Close
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ABN 86 088 471 667

Appendix 4E

Sedgman Limited

APPENDIX 4E

PRELIMINARY FINAL REPORT

Name of Entity:

SEDGMAN Limited

ABN:

86 088 471 667	Current reporting period	Year ended 30 June 2015
	Previous corresponding period	Year ended 30 June 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$'000
Revenue from ordinary activities	Up	10.2%	to	350,818
Profit for the year attributable to equity holders of the parent	Up	314.8%	to	16,528
Basic earnings per share	Up	314.7%	to	7.3¢
Total dividend per share (100% franked)	Up	37.5%	to	5.5¢

DIVIDENDS	**Amount per Security**	**Franked amount per security**
For the year ended 30 June 2015		
Final Dividend – payable on 23 September 2015	$0.038	$0.038
Special Dividend – payable on 23 September 2015	$0.022	$0.022
Interim Dividend	$0.035	$0.035
For the year ended 30 June 2014		
Final Dividend	$0.020	$0.020
Interim Dividend	$0.020	$0.020

The Record date for determining entitlements to the final dividend	**9 September 2015**
Date the dividend is payable	**23 September 2015**

DIVIDEND REINVESTMENT PLAN

In the prior year the Directors suspended the Dividend Reinvestment Plan ("DRP") pursuant to rule 13.1 of the DRP Rules until further notice.

FINANCIAL OVERVIEW

Net profit after tax of $16.528 million for FY 2015 was greater than the FY 2014 net loss after tax of ($7.693) million. The result was positively impacted by:

- Increased revenues and improved margins in the Projects business due to new awards during the year, lower costs and higher staff utilisation;
- Improved margins in the Operations businesses reflecting a focus on cost control and the continuous improvement in operating performance at all sites. In addition, tonnages increased across a number of sites as clients took advantage of superior plant availability;
- Lower overhead and support costs, partially offset by $1.735 million in redundancy payments to 52 staff;
- The benefits of a settlement of a contractual claim and recovery of previously impaired receivables.
- These positives were partially offset by an impairment of assets of the Operations business as part of a regular review of current and future use of equipment.

Combined sales revenue[1] for the Projects business increased by $57.485 million as a number of significant EPC projects progressed over the year, compared with lower activity in FY2014.

Combined sales revenue[1] for the Operations business decreased by $23.003 million compared to the prior year as anticipated. Four operating sites managed for part of FY2014 on behalf of clients were transitioned back to owner operation.

Sedgman has a strong order book of $509 million (2014: $385 million) leading into FY2016 split between Operations of $321 million and Projects of $188 million.

For further information on Sedgman's FY2015 performance refer to the Review of financial performance within the Directors' Report.

[1] Combined sales revenue is a non-statutory item which has not been audited or reviewed. This item is used in presentations to the investment community when reviewing the Group's performance.

NTA BACKING	Year ended 30 June 2015	Year ended 30 June 2014
Net Tangible asset backing per ordinary security	$0.582	$0.546

Details of associates and joint venture entities are included in the audited financial statements in note 32.

COMPLIANCE STATEMENT

This report is based on accounts that have been audited. The audit report, which is unqualified, is contained in the company's 2015 Financial Statements.

Signed by: ....
Adrian Relf
Company Secretary

Date: 27 August 2015

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Sedgman Limited

ABN 86 088 471 667

Financial statements

for the year ended 30 June 2015

Contents

This financial report covers the consolidated entity consisting of Sedgman Limited and its controlled entities (the "Group"). The financial report is presented in Australian currency.

Sedgman Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2, 2 Gardner Close
Milton QLD 4064
AUSTRALIA

Directors' report

The Directors present their report together with the consolidated financial statements of the Group comprising of Sedgman Limited ("Sedgman" or "the Company") and its subsidiaries for the financial year ended 30 June 2015 and the auditor's report thereon.

1. Directors

The directors of Sedgman Limited at any time during or since the end of the financial year are:

Robert John McDonald (Appointed 8 June 2006)
Russell James Kempnich (Appointed 6 July 1999)
Peter Richard Watson (Appointed 26 June 2014)
Donald James Argent (Appointed 12 April 2006)
Peter Ian Richards (Appointed 14 December 2010)
Antony Leslie Jacobs (Appointed 3 October 2013)
Bart Vogel (Appointed 26 February 2015)
Philippe Gerald Etienne (Appointed 26 February 2015)
Roger Ronald Short (Appointed 8 June 2006, resigned 21 November 2014)

Refer Section 11 of this report for information on directors.

2. Principal activities

The principal activities of the Group during the financial year consisted of project and operational services to the resources industry.

3. Review of financial performance

The Group's financial performance is explained using measures that are not defined under Australian Accounting Standards ("AASBs") and are therefore termed non-statutory measures. The non-statutory financial information contained within this Directors' report has not been audited or reviewed. The non-statutory measures used to monitor Group and business segment performance are combined sales revenue, earnings before interest and tax ("EBIT") (underlying), EBIT (margin), and net cash. Previously reported non-statutory measures of Earnings before interest, tax and amortisation ("EBITA") (underlying) and EBITA (margin) are no longer used as from 1 July 2014, the Group no longer has any non-operational amortisation related to brands and customer contracts. Non-operational amortisation remains an adjustment item in the calculation of underlying EBIT in comparative years. Refer to section 3.7 of this report for a reconciliation of these non-statutory amounts to statutory financial information.

3.1. Business summary

Sedgman is a leading provider of mineral processing and associated infrastructure solutions to the global resources industry. Providing multi-disciplinary engineering, project delivery and operations services, Sedgman offers expertise across all commodities including gold, copper, coal, iron ore, zinc, lead, silver and industrial minerals including mineral sands. The whole-of-life approach is demonstrated through the Group's Create, Build, Operate business model with Sedgman partnering with clients from pre-feasibility and design through to construction, commissioning, operations and beyond, striving for excellence at every stage of delivery.

With a client base ranging from emerging to major mining companies Sedgman tailors fully integrated solutions to optimise clients' return on investment. Relationships are built on a foundation of trust and a commitment to delivering projects and operations on time, on budget and safely.

3.2. Performance overview

Net profit after tax of $16.528 million for FY 2015 was greater than the FY 2014 net loss after tax of ($7.693) million. The result was positively impacted by improved margins in the Projects and Operations businesses as outlined later in this report, and lower overhead and support costs, partly offset by an impairment of Operations assets.

Overall performance for FY 2013 to FY 2015 is tabulated below:

	Combined sales revenue		EBIT (underlying)		EBIT margin
	$ millions	Growth %	$ millions	Growth %	%
FY 2015	**390.4**	**9.7**	**26.3**	**568.9**	**6.7**
FY 2014	355.9	(18.2)	3.9	(85.7)	1.1
FY 2013	435.4	(32.8)	27.5	(57.0)	6.3

3. Review of financial performance (continued)

3.2. Performance overview (continued)

The combined sales revenue increased by $34.482 million to $390.394 million. This increase is attributable to a ramp up in the Projects business, partly offset by lower Operations revenue as a number of operating sites managed for part of FY2014 on behalf of clients were transitioned back to owner operation.

The Group's overheads and support costs have been reduced from the corresponding period by 18% due to reduced headcount, lower rental expense, lower Information Systems and Technology costs and a continued focus on cost control across the business. These costs are continually under review however this is being balanced with a need to maintain a core capability in delivering studies, projects and effectively managing clients' operations.

During the year Sedgman had redundancies of 52 employees from Projects, Operations and Corporate. The cost of these redundancies (excluding the payment of leave provisions) was $1.735 million. The majority of these redundancies is due to a downsizing of the China office reflecting a strategy to solely focus on procurement, and a reduction in the number of site Operations employees.

The total number of full time equivalent employees reduced from 671 at the end of FY 2014 to 648 at the end of FY 2015 which reflects the redundancies referred to above; partly offset by additional Projects staff required in Australia to support the increased workload.

3.3. Projects segment

Projects comprise two groups: Create and Build, which cover each phase in the project lifecycle. Projects partners with clients in the Create phase, through project assessment, development and definition to provide commercially effective solutions. Projects also delivers in the Build phase through the design, procurement, construction and commissioning of coal handling and preparation plants, minerals processing plants and other related equipment. Projects activities span across process, mechanical, civil, structural, electrical and controls disciplines. Sedgman utilises the delivery model which best suits the client's requirements including Engineering, Procurement and Construction ("EPC") and Engineering, Procurement and Construction Management ("EPCM"). A global procurement network including a sourcing hub in Shanghai provides cost advantages which are passed onto clients. In the current market clients are seeking cost, schedule and performance guarantees which maps onto Sedgman's traditional EPC delivery model. This is allowing the Company to differentiate itself from its peers.

Sedgman can deliver low-cost modular custom-designed plants through to the world's largest materials handling and minerals processing plants. The Projects business also focuses on the innovative incorporation of technology to increase value and reliability for clients.

Safety is inherent throughout the entire project lifecycle from initial concept development through to project completion.

The Projects business undertakes studies and projects in the major mining regions of Australia, Africa, Asia and the Americas. Current projects being delivered demonstrate the success of Sedgman's strategy of global and commodity based diversification.

- Idemitsu – Boggabri CHPP project (Australia)
- Guyana Goldfields - Aurora gold project (Guyana)
- Cockatoo Coal – Baralaba coal mine expansión (Australia)
- Alcoa – Kwinana Filtration Plant (Australia)
- GEMCO – Manganese Plant (Australia)
- Twin Pines – Mineral Separation Plant and Wet Concentration Plant (USA)

The Projects business' performance for FY 2013 to FY 2015 is tabulated below:

Projects	Combined Revenue		EBIT (Underlying)		EBIT Margin
	$ millions	Growth %	$ millions	Growth %	%
FY2015	**278.6**	**26.0**	**13.8**	**292.0**	**5.0**
FY 2014	221.1	(9.4)	(7.2)	(163.2)	(3.3)
FY 2013	243.9	(48.3)	11.3	(76.0)	4.6

Combined sales revenue for the Projects business increased by $57.485 million as a number of significant EPC projects noted above progressed over the year, compared with lower activity in FY2014.

3. Review of financial performance (continued)

3.3. Projects segment (continued)

Projects underlying EBIT was $13.812 million, 5.0% of combined sales revenue, which is greater than the (3.3%) margin achieved in FY 2014. Projects margin was higher than the prior year due to higher utilisation of Projects staff, the benefit of a settlement of a contractual claim, lower business costs and the recovery of previously impaired receivables.

The environment for servicing the global resources sector remains challenging. The larger mining companies continue to focus on cost cutting targets and remain cautious on new greenfield capital project opportunities. The smaller mining companies are still faced with funding shortfalls to develop their projects and are experiencing difficulty in raising equity and debt for capital expenditure.

Project margins are likely to remain under pressure as competition for reduced opportunities intensifies. Sedgman is responding to these market conditions through continued focus on cost management and through offering commercially effective solutions, which is supported by our specialist global resource engineering, procurement and project delivery capability. This delivery capability is supported by Sedgman partnering with tier one contractors such as Thiess and GyM.

3.4. Operations segment

Sedgman's Operations business provides a complete operations management service that optimises plant operations and maintenance services for clients.

Services include long and short term contract operation and maintenance of plants and associated infrastructure, operations development, management and support, as well as a full operations consultancy service. The Operations business delivers productivity and efficiency gains for clients by optimising plant safety, throughput and production quality. The Operations capability assists clients by providing industry leading technical knowledge and experience.

Established systems enable Sedgman to assume contract operations of greenfield or brownfield plants with minimal ramp-up times. The Operations business is able to add incremental operations to its portfolio and accordingly is well positioned to support new entrants into the market. The Operations business has undertaken work in Australia and Mongolia operating thermal and metallurgical coal and base metals sites.

The Operations business' performance for FY 2013 to FY2015 is tabulated below:

Operations	Combined Sales Revenue		EBIT (Underlying)		EBIT Margin
	$ millions	Growth %	$ millions	Growth %	%
FY2015	**111.8**	**(17.1)**	**12.5**	**12.6**	**11.2**
FY 2014	134.8	(29.6)	11.1	(31.0)	8.3
FY 2013	191.4	9.0	16.1	(4.7)	8.4

Combined Operations sales revenue decreased by $23.003 million compared to the prior year as anticipated. Four operating sites managed for part of FY2014 on behalf of clients were transitioned back to owner operation.

Operations underlying EBIT was $12.537 million, 11.2% of combined sales revenue. Margins have improved as the Operations business focuses on cost control and the continuous improvement in operating performance at all sites. In addition, tonnages increased across a number of sites as clients took advantage of superior plant availability. The Operations result above excludes the impact of an impairment of idle assets of $2.326 million.

During the year operations contracts for Agnew, Mt Isa and Sonoma were renewed contributing another $125.000 million in revenue over these new contract terms.

Sedgman is also in discussion with potential mining clients both within Australia and internationally with the aim of securing new operations. The Operations business remains focused on delivering value to clients by ensuring competitiveness in the market and offering value to the owner by leveraging systems, processes and procurement capability.

The growth opportunities for the Operations business unit is with new clients which have operating sites requiring productivity improvements, cost reductions, simplification by outsourcing their operations to specialists and creating value for clients by leveraging in-house expertise through the Operations Consulting business. In addition, as the majors divest non-core assets, opportunities exist for Sedgman to provide operating services to new owners wishing to leverage Sedgman's experience, expertise and systems.

3. Review of financial performance (continued)

3.5. Balance sheet

3.5.1. Assets

Total assets increased by $18.937 million to $274.894 million. Key drivers were the higher Cash and cash equivalents and higher Trade and other receivables balances mainly reflecting a ramp up in the global Projects business.

Working capital management is a key focus of the Group; the Group has commercial and contract guidelines in place to safeguard the Group's commercial interests. The Group's contracting philosophy is to be cash positive at all times during the contract; however from time to time, due to timing of projects, execution and achieving final contract closure, this can result in under claims with clients.

Property, plant and equipment decreased by $7.934 million predominately due to depreciation charges of $8.281 million and the impairment of Operations assets of $2.326 million, partly offset by capital expenditure of $3.079 million. Capital expenditure has been constrained in the current economic climate to those items that reduce costs with rapid payback, or are required to remain competitive or sustain the business.

3.5.2. Liabilities

Total liabilities increased by $13.035 million to $105.629 million. Key drivers were higher Trade and other payables balances as a result of the ramp up in the global Projects business, partly offset by a reduction in Interest bearing liabilities reflecting the repayment of the club banking term debt facility during the year.

3.5.3. Equity

Overall equity increased by $5.902 million primarily due to Net profit after tax for the year ended 2015 of $16.528 million partly offset by dividends paid during the year of $12.488 million.

3.5.4. Dividends

Sedgman's current policy is to pay an interim and final ordinary dividend each year equal to 100% of the reported Net profit after tax. The Board may also approve an additional special dividend taking into consideration any one-off factors and the cash requirements of the business. Dividends are fully franked to the extent possible. The Company has excess franking credits and will be able to pay dividends which are fully franked for the foreseeable future.

3.5.5. Financing facilities

During the year Sedgman extended its club financing facilities with two Australian banks, Australia and New Zealand bank ("ANZ") and the National Australia Bank ("NAB") to June 2016. These facilities cater for the majority of Sedgman's financing requirements. At year end the Group had total financing facilities of $95.183 million. This takes into account the repayment of its commercial loans under the club banking facility during the year. The financing facilities in place for the Group provide flexibility, including bank guarantees to meet the Group's project bonding requirements and asset and working capital financing facilities.

3.5.6. Net cash

The Group had net cash of $108.839 million at the end of the financial year, taking into account net progress claims in advance on projects of $20.084 million.

3. Review of financial performance (continued)

3.6. Material business risks

Sedgman has an enterprise risk management framework that is structured to ensure risks and opportunities are captured, assessed and reviewed in a consistent manner.

The top risks and associated mitigation strategies identified are as follows:

Business risk	Mitigation strategy
A decline in the number of new projects initiated and/or insourcing of operations by owners has the potential to impact revenue and profitability.	The Group has a diverse service offering across a range of geographies and commodities with reasonable flexibility to anticipate and respond to new market conditions.
Sedgman's licence to operate in the resources sector is conditional on having a robust safety management system and any significant failure may injure people.	Senior management, employees and suppliers are aligned and proactively engaged with the Group's safety management system.
The Group operates globally to support clients in foreign jurisdictions. Poor planning or execution of projects has the potential to damage the Group's reputation, profitability and ability to repatriate cash.	Sedgman engages with reputable external advisors and partners, conducting a robust pre-contract assessment process, on-going monitoring, and adherence to the Group's processes and procedures.
Sedgman is a market leader in minerals processing technology. A loss of this reputation would erode market share and increase competition in the sector.	Sedgman leverages its business model of building and operating and continues to focus on innovation and research and development.
Sedgman operates in a global market. Foreign competitors offering a lower cost model for services sourced in lower cost countries.	Sedgman provides technical leadership with value proposals based on offshore design offices and procurement services.

3.7. Alternative performance measures reconciliations

In addition to using profit or loss as a measure of the Group's and its segments' financial performance, Sedgman uses combined sales revenue, EBIT (underlying), EBIT (margin), and net cash measures. These non-statutory measures have not been audited or reviewed.

The following are reconciliations of combined sales revenue to revenue from services in the statutory financial statements. This has been prepared for the Group and each reporting segment.

Reconciliation of Group combined sales revenue

	FY 2015 $'000	FY 2014 $'000	FY 2013 $'000
Combined sales revenue	**390,394**	355,912	435,351
Changes in construction work in progress	**17,059**	(28,033)	34,178
Share of GSJV revenue	**(58,074)**	(17,735)	-
Sedgman revenue from GSJV	**8,966**	9,698	-
Group share of associates revenue	**(1,678)**	(1,419)	(1,138)
Settlement of a contractual claim	**(5,849)**	-	-
Contract terminations	**-**	-	(1,750)
Revenue from services	**350,818**	318,423	466,641

Reconciliation of Project's combined sales revenue

	FY 2015 $'000	FY 2014 $'000	FY 2013 $'000
Projects combined sales revenue	**278,572**	221,087	243,920
Changes in construction work in progress	**17,059**	(28,033)	34,178
Share of GSJV revenue	**(58,074)**	(17,735)	-
Sedgman revenue from GSJV	**8,966**	9,698	-
Share of associates revenue	**(1,678)**	(1,419)	(1,138)
Settlement of a contractual claim	**(5,849)**	-	-
Revenue from project services	**238,996**	183,598	276,960

3. Review of financial performance (continued)

3.7. Alternative performance measures reconciliations (continued)

Reconciliation of Operation's combined sales revenue

	FY 2015 $'000	FY 2014 $'000	FY 2013 $'000
Operations combined sales revenue	**111,822**	134,825	191,431
Contract terminations	**-**	-	(1,750)
Revenue from operations services	**111,822**	134,825	189,681

The following are reconciliations of EBIT (underlying) to net profit/(loss) in the statutory financial statements. This has been prepared for the Group and each reporting segment.

Reconciliation of Group EBIT (underlying)

	FY 2015 $'000	FY 2014 $'000	FY 2013 $'000
EBIT (underlying)	**26,349**	3,939	27,458
Interest income / change in fair value of financial assets	**3,069**	2,859	1,857
Finance costs	**(1,865)**	(2,710)	(2,795)
Impairment of property, plant and equipment	**(2,326)**	-	(6,358)
Redundancy costs	**(1,735)**	(1,656)	(2,994)
Onerous contract (lease)	**-**	(3,666)	-
Amortisation (brand and customer contracts)	**-**	(1,147)	(3,790)
GSJV income tax	**(692)**	-	-
Net profit/(loss) before tax	**22,800**	(2,381)	13,378
Income tax (expense)/benefit	**(6,272)**	(5,312)	(3,950)
Net profit/(loss) after tax	**16,528**	(7,693)	9,428

Reconciliation of Projects' EBIT (underlying)

	FY 2015 $'000	FY 2014 $'000	FY 2013 $'000
Projects EBIT (underlying)	**13,812**	(7,193)	11,325
(Other income) / expenses	**(2,489)**	(1,089)	(2,649)
Finance costs	**(893)**	(1,216)	(1,254)
Redundancy costs	**(1,023)**	(1,433)	(2,654)
Onerous contract (lease)	**-**	(2,995)	-
GSJV income tax	**(692)**	-	-
Reportable segment profit/(loss) before tax	**8,715**	(13,926)	4,768

Reconciliation of Operations' EBIT (underlying)

	FY 2015 $'000	FY 2014 $'000	FY 2013 $'000
Operations EBIT (underlying)	**12,537**	11,132	16,133
(Other income) / expenses	**(190)**	(256)	(800)
Finance costs	**(972)**	(1,494)	(1,541)
Impairment of property, plant and equipment	**(2,326)**	-	(6,358)
Redundancy costs	**(712)**	(223)	(340)
Onerous contract (lease)	**-**	(671)	-
Amortisation (brand and customer contracts)	**-**	(1,147)	(3,790)
Reportable segment profit/(loss) before tax	**8,337**	7,341	3,304

3. Review of financial performance (continued)

3.7. Alternative performance measures reconciliations (continued)

EBIT (margin) is defined as EBIT (underlying) divided by combined sales revenue.

The following is a reconciliation of net cash to cash and cash equivalents.

	FY 2015 $'000	FY 2014 $'000
Net cash	**108,839**	76,476
Interest bearing liabilities (current)	**2,185**	9,860
Interest bearing liabilities (non-current)	**-**	11,453
Cash and cash equivalents	**111,024**	97,789

4. Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year were:

Declared and paid during the year ended 30 June 2015	Cents per share	Total Amount $'000	Franked/ Unfranked	Date of payment
Final 2014 ordinary	2.0	4,541	Franked	24 Sept 2014
Interim 2015 ordinary	3.5	7,947	Franked	26 Mar 2015
	5.5	12,488		

Franked dividends declared as paid during the year were fully franked.

After the balance sheet date, the Directors declared a dividend of 3.8 cents per share, fully franked as well as a special dividend of 2.2 cents per share, fully franked. The record date for entitlement to these dividends will be 9 September 2015 and the payment date will be 23 September 2015.

The financial effect of these dividends has not been brought to account in the consolidated financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial reports.

5. Earnings per share

	2015 Cents	2014 Cents
(a) Basic earnings per share		
Profit/(loss) attributable to the owners of the Company	**7.3**	(3.4)
(b) Diluted earnings per share		
Profit/(loss) attributable to the owners of the Company	**7.2**	(3.4)

6. Significant changes in the state of affairs

Other than detailed elsewhere in this report, there have been no significant changes in the state of affairs since 30 June 2014.

7. Matters subsequent to the end of the financial year

Other than the dividends declared subsequent to year end (refer note 25 to the consolidated financial statements), there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

8. Likely developments and expected results of operations

Information on likely developments and the expected results in future financial years have been detailed within the Review of Financial Performance section of this report (Section 3).

9. Shares under performance rights

At the date of this report, unissued ordinary shares of the Company under rights are:

Expiry date	Exercise price	Number of shares
August 2016*	-	2,736,000
August 2017*	-	3,898,000

* Actual vesting date will be the date the financial results are released to the market.

All performance rights outstanding at the end of the financial year were issued under the Long Term Incentive Plan and expire on the earlier of their vesting date or termination of the employee's employment. In addition, the ability to convert the performance right is dependent upon the achievement of a performance condition. Further details relating to the performance criteria are outlined in the Remuneration Report, which applies to all performance rights on issue.

The Company currently has no cash-settled share-based rights as detailed in Note 37(c) to the consolidated financial statements.

During or since the end of the financial year, no ordinary shares of the Company were issued as a result of the exercise of performance rights.

10. Regulation

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

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

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

Compliance with industrial relations regulations is achieved through planning and consultation. Individual project requirements are assessed and appropriate strategies developed to achieve industrial harmony and legislative compliance on a "per project" basis.

11. Information on directors

Robert John McDonald - B Com, MBA (Hons)
Chairman, Independent Director
DOB: 18 March 1950

Rob was appointed to the Board in June 2006. He is the principal of The Minera Group, a specialist mining advisory and investment group headquartered in Australia and active in most mining regions of the world. Minera assists a select number of mining companies and mining investment and finance institutions in developing and executing business plans in the sector.

Rob has more than 35 years experience in the mining sector, firstly in various roles within the Rio Tinto group and prior to launching Minera and his private equity initiatives in investment banking as a principal of Resource Finance Corporation and as a Managing Director of N M Rothschild & Sons.

Other public directorships
Former Non-Executive Intrepid Mines Limited (March 2008 - May 2014).

Special responsibilities
Member of the Remuneration and Nominations Committee.

Interest in shares
664,120 ordinary shares in Sedgman Limited.

11. Information on directors (continued)

Peter Richard Watson - B Eng (Chem) (Hons), Dip Acc Fin Mgt, FIEA, CP Eng, GAICD
Chief Executive Officer and Managing Director
DOB: 31 August 1961

Peter was appointed Chief Executive Officer and Managing Director in June 2014. Prior to his current role he held various senior positions at Sedgman including Regional Director, responsible for managing the Company's Australia West, Americas and Africa regions, and Executive General Manager Australia, responsible for activities in engineering, project delivery and contract operations across the coal, metals, iron ore and infrastructure sectors.

Peter is a chemical engineer with more than 25 years experience in the mining and resources sector. Prior to joining Sedgman, Peter was General Manager of AMEC where he was responsible for the development and execution of business activities in the resources sector across Eastern Australia and the Asia-Pacific region. Peter also worked in strategic management roles for Thiess where he was a member of the Senior Executive team.

Other public directorships
Nil.

Interest in shares
50,501 ordinary shares in Sedgman Limited.

Russell James Kempnich - B Eng (Mech)
Non-Executive Director
DOB: 30 December 1952

Russell was Sedgman's Chairman for 16 years, electing to hand over to Rob McDonald in October 2014. He is a founding partner of Sedgman & Associates Pty Ltd, the original company established in 1980, from which the Sedgman business has grown. Russell has more than 35 years experience in the Australian and international coal industry with broad experience in the areas of coal resource evaluation, process plant design, construction and commissioning.

As Managing Director of Sedgman from 1991 to 1998 and again from November 2010 to January 2011, Russell has been integral to the organisation's growth from a consulting and engineering firm, to a market leader in mineral processing, design and construction. He was responsible for the expansion of the Company's operations internationally.

Other public directorships
Non-Executive Director of Stanwell Corporation Limited (since July 2011).

Special responsibilities
Acting Chairman of the Remuneration and Nominations Committee.

Interest in shares
16,773,442 ordinary shares in Sedgman Limited.

Donald James Argent - B Com, CPA, FAICD
Independent Director
DOB: 19 July 1947

Don was appointed to the Board in April 2006. He was the Director of Finance and Administration for the Thiess Group (resigned 29 July 2011). Don has over 30 years experience in the mining industry which began in the late 1970s at Thiess Holdings Ltd and then with Thiess Pty Ltd from 1985, where he had a pivotal role in the finance, administration, governance, growth and success of the Thiess Group of companies for 26 years until his retirement in 2011.

Other public directorships
Non-Executive Director of Ausdrill Limited (since July 2012).

Special responsibilities
Member of the Audit and Risk Management Committee.

Interest in shares
298,173 ordinary shares in Sedgman Limited.

11. Information on directors (continued)

Peter Ian Richards - B Com
Independent Director
DOB: 29 January 1959

Peter was appointed to the Board in December 2010. He has over 30 years experience in the mining services and industrial sectors with global companies including BP plc, Wesfarmers, Dyno Nobel Limited and Norfolk Group Limited where he served as Managing Director. In his time at Dyno Nobel he held a number of senior executive positions in both North America and Asia Pacific. He serves as a Director with several ASX-listed companies.

Other public directorships
Chairman of Cockatoo Coal Limited (since January 2014) and NSL Consolidated Limited (since August 2009). Non-Executive Director of Emeco Holdings Limited (since June 2010) and Bradken Limited (since February 2009).

Special responsibilities
Chairman of the Audit and Risk Management Committee.

Interest in shares
117,174 ordinary shares in Sedgman Limited.

Antony Leslie Jacobs - B Com, MAICD
Non-Executive Director
DOB: 28 May 1945

Tony is a highly experienced director of finance, currently consulting to Leighton Holdings. Prior to establishing his consulting business, Tony was the Chief Financial Officer of Leighton Asia Limited from 1992 to 2001 and again from 2008 to 2012 where he was responsible for all financial and administration matters of the company's operation in Asia. He was also the Chief Financial Officer for Leighton Contractors in Australia from 2002 to 2006. Tony has more than 50 years experience in the construction and mining industries. He has held senior finance positions in Australia, the USA and Hong Kong for John Holland, Strarch International and for Leighton.

Other public directorships
Nil.

Special responsibilities
Member of the Audit and Risk Management Committee.

Interest in shares
7,743 ordinary shares in Sedgman Limited.

Bart Vogel - B Com (Hons), FCA, GAICD
Independant Director
DOB: 3 September 1957

Bart has extensive experience in executive management and strategy consulting in the technology sector and was the CEO of Asurion Australia, a telecommunications services company, until 2014. Prior to joining Asurion he was a partner of Bain & Company, a global management consulting firm. His corporate advisory work has spanned over 20 years including eight years as a partner at Deloitte. Bart was previously also the CEO of Lucent Technologies Australia and President of Lucent Technologies Asia Pacific.

Other public directorships
Non-Executive Director of Macquarie Telecom Group Limited (since July 2014) and Non-Executive Director of the Children's Cancer Institute (since July 2007).

Special responsibilities
Nil.

Interest in shares
80,000 ordinary shares in Sedgman Limited.

11. Information on directors (continued)

Phillippe Gerald Etienne - BSc(Hons), GradDipMktg, AMP
Non-Executive Director
DOB: 30 October 1955

Philippe has over 30 years' experience in business management, most recently as Managing Director and CEO of Innovia Security from 2010 until 2014. Prior to leading Innovia Philippe held senior executive roles with global explosives manufacturer Orica including Managing Director Orica Europe and CEO – Mining Services of Orica Limited where he was a member of Orica's executive team. Philippe served as a board member on the Council on Australian Latin America Relations and has been the Chairman of joint venture companies in Turkey, Estonia and Kazakhstan.

Other public directorships
Non-Executive Director of Transpacific Industries Group Limited (since May 2014) and Lynas Corporation Limited (since January 2015).

Special responsibilities
Member of the Remuneration and Nominations Committee.

Interest in shares
13,641 ordinary shares in Sedgman Limited.

Roger Ronald Short - LLB, BA
Non-Executive Director
DOB: 13 October 1944

Roger was appointed to the Board in June 2006. He is a construction lawyer and most recently served as a consultant at McCullough Robertson Lawyers. Roger was previously a partner in a large national law firm. He has been a member of the legal profession for over 30 years and has had extensive involvement in large scale property development projects and commercial, public infrastructure, construction, mining and infrastructure work.
He has been a director of listed companies for more than 30 years and also holds current directorships with private and government corporations.

Roger was appointed to the role of Non-Executive Director on 8 June 2006 and resigned on 21 November 2014.

Other public directorships
Non-Executive Director of Payce Consolidated Limited.

Former Special responsibilities
Former member of the Audit and Risk Management Committee.
Former Chairman of the Remuneration and Nominations Committee.

Interest in shares
256,539 ordinary shares in Sedgman Limited (as at resignation on 21 November 2014).

12. Company Secretary

The company secretary is Mr Adrian Relf. He was admitted as a solicitor in 2003 and holds the qualifications of Bachelor of Social Science, Bachelor of Laws, Graduate Diploma of Legal Practice and Graduate Diploma of Management.

13. Meetings of directors

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2015, and the numbers of meetings attended by each Director were:

	Full meetings of Directors		Meetings of committees(i)			
			Audit & Risk Management		Remuneration & Nominations	
	A	B	A	B	A	B
Robert John McDonald	7	7	-	-	4	4
Peter Richard Watson	7	7	-	-	-	-
Russell James Kempnich	7	7	-	-	4	4
Donald James Argent	5	7	4	4	-	-
Peter Ian Richards	7	7	4	4	-	-
Antony Leslie Jacobs	7	7	3	3	-	-
Bart Vogel (Appointed 26 February 2015)	2	2	-	-	-	-
Phillippe Gerald Etienne (Appointed 26 February 2015)	2	2	-	-	1	1
Roger Ronald Short (Resigned 21 November 2014)	4	4	1	1	2	2

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year
(i) Other Directors may attend Committee meetings by invitation.

14. Remuneration report - audited

The directors are pleased to present the 2015 remuneration report which sets out remuneration information for Sedgman Limited's non-executive directors, executive directors and other key management personnel ("KMP").

Sedgman's remuneration strategy is designed to drive superior shareholder returns by aligning the short and long term interests of our people and our shareholders and by attracting and retaining high quality people.

14.1. Remuneration and Nominations Committee

The Remuneration and Nominations Committee ("Committee") was established as a sub-committee of the Board in 2006. The Committee comprises a majority of independent directors and is governed by its charter, which is contained in the Corporate Governance Charter available on the Sedgman website. The Charter sets out the membership, responsibilities, powers and activities of the Committee.

The following Directors were members of the Committee during FY2015:

Name	Position	Duration
Russell Kempnich	Acting Chairman*	Since 6 June 2006
Robert McDonald	Member	Since 6 June 2006
Phillippe Etienne	Member	Since 13 April 2015
Roger Short	Former Chairman of the Remuneration and Nominations Committee	Since 6 June 2006 to 21 November 2014

* Russell Kempnich is Acting Chairman (from 21 November 2014) following the resignation of Roger Short.

The Committee met four times during FY2015 with details of attendances detailed in this Directors' report.

The Committee may invite executives to attend meetings and assist in the performance of its functions (other than in respect of executive remuneration).

14. Remuneration report – audited (continued)

14.2. Remuneration Framework and Principles

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 conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- performance linkage / alignment of executive compensation
- transparency
- capital management.

The framework shows the interests of shareholders and the executive group in consideration of:

i) Alignment to shareholders' interests:
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives.

ii) Alignment to executives' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay through the following three components which are discussed in more detail later in this report:

(i) fixed remuneration
(ii) short-term performance incentives through the Short Term Incentive Plan
(iii) long-term incentives through participation in the Long Term Incentive Plan.

As executives gain seniority within the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards. The split of potential fixed remuneration and "at risk remuneration" for the Managing Director and other executives is detailed below. This is based on maximum potential short term incentives and long term incentives for the year ended 30 June 2015 and demonstrates the high percentage of remuneration that is at risk resulting in executive remuneration being closely aligned to actual Group performance.

Managing Director	Cash 100%		Equity* 0%
2014-15 FY	Fixed pay 57%	STI 43%	LTI 0%

Executive KMPs (average)	Cash 100%		Equity* 0%
2014-15 FY	Fixed pay 57%	STI 43%	LTI 0%

* No Tranche 4 performance rights were issued under the Long Term Incentive Plan (measurement period ended 30 June 2015).

14.3. Use of remuneration consultants

No external remuneration consultants were engaged by the Board, Committee or executives to provide remuneration recommendations in relation to key management personnel during the year ended 30 June 2015.

14. Remuneration report – audited (continued)

14.4. Key management personnel changes and disclosures

During the year Sedgman undertook a corporate restructure which included a review of key management personnel to align the business with a sector service approach and deliver on Sedgman's Global Minerals Strategy. This lead to the following changes in KMP, effective from 25 July 2014:

Key Management Personnel[1]	Prior Role	New Role (Post Restructure)
Ian Poole	Chief Financial Officer	Director – Finance
Michael Carretta	Asset Management Services Director	Director – Engineering and Project Delivery
Ken Boulton	Executive General Manager – Australia Operations	Director – Operations
Simon Stockwell	Regional Director	Director – Client and Project Development
Adrian Relf	Group General Counsel and Company Secretary	Director – Commercial and Corporate and Company Secretary
Samantha Douglas	Chief Human Resources Officer	Director – People and Safety
Alan Ainsworth	Infrastructure Director / Regional Director	Role made redundant on 25 July 2014

1. During the corporate restructure no changes were made to the Directors of the Company.

For the purposes of all disclosures in this remuneration report:

(i) Alan Ainsworth ceased being KMP on 25 July 2014;
(ii) Adrian Relf and Samantha Douglas became KMP from 25 July 2014;
(iii) Roger Short ceased being KMP on 21 November 2014; and
(iv) Bart Vogel and Phillippe Etiene became KMP on 26 February 2015.

Personnel deemed KMP at any time during the year ended 30 June 2015 are:

Name	Position
Non-executive and executive directors – refer to section 11 of the Directors' report for their names and period of directorship.	
Other key management personnel	
Ian Poole	Director – Finance
Michael Carretta	Director – Engineering and Project Delivery
Ken Boulton	Director – Operations
Simon Stockwell	Director – Client and Project Development
Adrian Relf	Director – Commercial and Corporate and Company Secretary
Samantha Douglas	Director – People and Safety
Alan Ainsworth	Former Infrastructure Director / Regional Director (to 25 July 2014)

14.5. Fixed Remuneration

The fixed remuneration component of executive salaries includes base pay, benefits and superannuation.

Executives are offered a competitive fixed remuneration to reflect their role and responsibilities benchmarked against external data so it is consistent with the market for a comparable role. Executive performance and base pay is reviewed annually to ensure the executive's pay is competitive with the market and an executive's pay is also reviewed on promotion. There are no guaranteed base pay increases included in any executives' contract.

Executives receive benefits including non-monetary benefits such as directors and officer's liability insurance. Executives may also choose to receive benefits by way of salary sacrificed motor vehicles and superannuation. The Group also provides superannuation in accordance with its legal obligations in the relevant jurisdiction.

14. Remuneration report – audited (continued)

14.6. Short Term Incentive ("STI") Plan

The Group's STI plan is a structured and equitable way of rewarding executives for both Group and individual performance. The STI plan links performance with the opportunity to earn cash incentives based on a percentage of base pay. There is no ability for executives to defer unearned portions of STI to future financial years.

If the Group achieves a predetermined net profit after tax ("NPAT") target for the year, a self-funding bonus pool becomes available which is then further adjusted based on each executive's performance during the annual review process. For the financial year ended 30 June 2015:

- the Managing Director's key performance indicators ("KPIs") were set based on specific performance targets in relation to Group commercial and financial performance (on a net profit after tax basis), health safety and environment, people management and retention and corporate sustainability. For the year ended 30 June 2015, 50% of the Managing Director's KPIs were linked to commercial performance, with the remainder being linked to non-financial targets and achievement of objectives detailed in the Group's business plan.

- other executive's KPIs were linked to Group financial performance and financial performance of the executive's area of responsibility, along with non-financial targets including health, safety and environment, people management, and implementation of the Group's business plans.

Use of KPIs balanced between group and individual targets is intended to ensure variable reward is only available when value has been created for shareholders and when individual and Group performance is consistent with the business plan.

Each executive's bonus opportunity depends on the accountabilities of the role, impact on the organisation and business unit performance. The amount of bonuses paid to individual employees is based on achievement of pre-agreed KPIs and is at the discretion of the Managing Director having regard to the executive's overall performance.

Where Group financial performance exceeds targets, all executives including the Managing Director, are able to earn above their target STI to a maximum of 75 per cent of their base salary depending on role and responsibilities.

14.7. Long Term Incentive ("LTI") Plan

The Group's LTI Plan is an equity incentive scheme which is intended to:

- reward high performance and to encourage a high performance culture across the Group
- align the interests of executives and senior management with those of the Group and shareholders
- provide the Group with the means to compete for talented staff by offering remuneration that includes an equity-based component, like many of its competitors
- assist with the attraction and retention of key personnel.

14. Remuneration report – audited (continued)

14.7. Long Term Incentive ("LTI") Plan (continued)

Executives and senior managers eligible to participate in the LTI Plan are considered by the Board to be in roles that have the opportunity to significantly influence long-term shareholder value.

The original LTI Plan applying to Tranches 1, 2 and 3 was approved by shareholders at the Group's Annual General Meeting in November 2009.

Under the LTI Plan, the Company may issue eligible participants with performance rights which entitle the holder to subscribe for or be transferred one fully paid ordinary share of the Company for no consideration, or an equivalent cash-settled value, subject to the achievement of performance conditions specified by the Board. Equity-settled performance rights granted under the LTI Plan carry no dividend or voting rights. Those eligible to participate in Tranches 1, 2 and 3 of the LTI Plan include executive directors, executives and selected employees of the Group.

14.7.1. Performance rights – Tranches 2 and 3

The performance rights are issued to executive directors and employees for no consideration and are subject to the continuing employment and lapse upon resignation, redundancy or termination (unless certain circumstances such as death or disability where vesting is at the discretion of the Board) or failure to achieve the specified performance vesting condition. The performance rights will immediately vest and become exercisable if in the Board's opinion a vesting event occurs (as defined in the plan rules) such as a takeover bid or winding up of the Company. If the performance rights vest and are exercised the employee receives ordinary shares of the Company for no consideration.

The performance vesting condition for performance rights issued is relative to the Total Shareholder Return (TSR). At the end of each tranche's performance measurement period, the Board will rank the Company's TSR against a peer group of other companies considered by the Board to be peers or competitors of the Company. The percentage of performance rights in each respective tranche that will vest and become exercisable will depend upon the Company's TSR performance relative to the companies in the peer group (as determined by the Board) as set out in the table below.

Sedgman TSR ranking (at end of performance measurement period) *	Percentage of performance rights in relevant tranche that vest
1-5	100%
6	90%
7	80%
8	70%
9	60%
10	50%
11-20	0%

* The original peer group included 20 companies, including Sedgman Limited. The peer group now comprises 16 companies, as 4 companies were removed from the official list of ASX Limited.

For performance rights granted under Tranches 2 and 3 the peer group includes the following companies: NRW Holdings Limited; WDS Limited; RCR Tomlinson Ltd; Lycopodium Limited; Ausenco Limited; Monadelphous Group Limited; Mineral Resources Limited; Cardno Limited; Austin Engineering Ltd; Boart Longyear Limited; Worley Parsons Ltd; Downer EDI Limited; MacMahon Holdings Limited; Leighton Holdings Limited; and AJ Lucas Group Limited.

The following vesting profile is in place for Tranches 2 and 3 of the LTI Plan:

Tranche	Performance measurement period	Vesting date	TSR ranking achieved	% Vested
2	1 July 2010 to 30 June 2013	21 August 2013	15	0%
3	1 July 2011 to 30 June 2014	28 August 2014	13	0%

14. Remuneration report – audited (continued)

14.7. Long Term Incentive ("LTI") Plan (continued)

14.7.2. Performance rights – Tranches 4, 5 and 6

The LTI Plan was revised and re-approved by shareholders at the Group's Annual General Meeting in November 2012 to apply to Tranches 4, 5 and 6. The revised LTI Plan follows similar principles to the previous plan and seeks to:

- reward high performance and to encourage a high performance culture across the Group
- align the interests of executives and key senior management with those of the Group and shareholders
- provide the Group with the means to compete for talented staff by offering remuneration that includes an equity-based component, like many of its competitors
- assist with the attraction and retention of key personnel.

The LTI Plan applying for Tranches 4, 5 and 6 is limited to 18 participants in executive and senior management roles who are considered by the Board to be in roles that have the opportunity to significantly influence long-term shareholder value.

No Tranche 4 performance rights were issued under the LTI Plan during the 2013 financial year.

The number of performance rights issued to an eligible participant are calculated as follows:
Number of performance rights = (% of base salary) x Issue Price

The % of base salary is dependent upon the participants' role and responsibilities and varies between 35% to 125%. The Issue Price is calculated as the volume weighted average price ("VWAP") of Sedgman shares for the period 1 June until 31 July at the commencement of the performance period.

The performance rights are issued to executive directors and employees for no consideration and are subject to the same performance vesting conditions as applied to Tranches 2 and 3 (as noted under "Performance rights – Tranches 2 and 3" above).

For performance rights to be granted under Tranches 5 and 6 the peer group includes the following companies:

NRW Holdings Limited; WDS Limited; RCR Tomlinson Ltd; Lycopodium Limited; Ausenco Limited; Monadelphous Group Limited; Mineral Resources Limited; Cardno Limited; Worley Parsons Limited; Downer EDI Limited; MacMahon Holdings Limited; Leighton Holdings Limited; Coffey International Limited; Decmil Group Limited; GR Engineering Services Limited; Calibre Group Holdings Limited; MACA Limited; UGL Limited and Southern Cross Electrical Engineering Limited.

The Board have also nominated an additional five suitable replacement companies ("the reserve group"). Where a company in the peer group is delisted, merges or ceases to be suitable for comparative purposes, it will, subject to the Board's discretion, be replaced by a company from the reserve group. The peer group and reserve group may be varied from time to time by the Board in its absolute discretion. During the 2014 financial year Clough Limited and Forge Group Limited were delisted and replaced with UGL Limited and Southern Cross Electrical Engineering Limited respectively. In addition, one of the reserve group companies, Norfolk Group Limited, was taken over by RCR Tomlinson Ltd. The remaining reserve group comprises:

VDM Group Limited and Resource Development Group Limited.

14. Remuneration report – audited (continued)

14.7. Long Term Incentive ("LTI") Plan (continued)

The percentage of performance rights in each respective tranche that will vest and become exercisable will depend upon the Company's TSR performance relative to the companies in the peer group (as determined by the Board) as set out in the table below.

Sedgman TSR ranking (at end of performance measurement period)	Percentage of performance rights in relevant tranche that vest
1-5	100%
6	90%
7	80%
8	70%
9	60%
10	50%
11-20	0%

The following vesting profile applies to Tranches 5 and 6 of the LTI Plan:

Tranche	Performance measurement period	Vesting date	TSR ranking achieved	% Vested
5	1 July 2013 to 30 June 2016	August 2016*	n/a	n/a
6	1 July 2014 to 30 June 2017	August 2017*	n/a	n/a

* Actual vesting date will be the date the financial results are released to the market.

Consequences of performance on shareholders wealth

In considering the Group's performance and benefits for shareholders wealth, the Board has regard to the indices outlined below, in respect of the current financial year and the previous four financial years.

	2015	2014	2013	2012	2011
Net profit/(loss) attributable to owners of Sedgman Limited ($)	**16,527,734**	(7,693,435)	9,428,093	37,848,123	26,029,713
Basic EPS (cents)	**7.3**	(3.4)	4.3	17.8	12.5
Dividends paid ($)	**12,487,871**	8,871,859	20,537,060	17,962,316	13,449,474
Dividends paid per share (cents)	**5.5**	4.0	9.5	8.5	6.5
Share price at year end ($)	**0.69**	0.50	0.53	1.39	1.85
Change in share price ($)	**0.19**	(0.03)	(0.86)	(0.46)	0.51

14.8. Employee Share Plan

The Sedgman Share Plan was introduced in 2011 and provided for eligible employees to receive $1,000 worth of Sedgman shares. While an initial issue of shares was undertaken during the financial year ended 30 June 2011 this scheme did not operate for the 2012 to 2015 financial years.

14.9. Employment agreements

Sedgman has entered into employment agreements with key executives, which contain standard terms and conditions for agreements of this nature, including confidentiality, restraint on competition and retention of intellectual property provisions. Where necessary the agreements are expressed to cover periods specific to individual appointments, but may generally be terminated by notice by either party, or earlier in the event of certain breaches of the terms and conditions. In the event of termination for any reason, the Company will pay any accrued and untaken annual leave and, subject to the relevant legislation, any accrued and untaken long service leave owing to the executive.

14. Remuneration report – audited (continued)

14.9. Employment agreements (continued)

Specific terms and conditions of the employment agreements of key management personnel at the end of the financial year are summarised in the table below.

Name	***Position***	***Term of agreement***	***Notice period (by either party)***
Peter Watson	Chief Executive Officer / Managing Director	n/a	6 months
Ian Poole	Director – Finance	n/a	3 months
Michael Carretta	Director – Engineering and Project Delivery	n/a	3 months
Ken Boulton	Director – Operations	n/a	2 months
Simon Stockwell	Director – Client and Project Development	n/a	3 months
Adrian Relf	Director – Commercial and Corporate and Company Secretary	n/a	3 months
Samantha Douglas	Director – People and Safety	n/a	3 months

The Company appointed Mr Peter Watson to the positions of Chief Executive Officer and Managing Director in June 2014, on an ongoing basis. The contract can be terminated by the Company immediately in certain circumstances including serious misconduct, gross neglect of duty, incompetence or engaging in conduct that causes or may cause imminent and serious risk to the health and safety of a person or the reputation, viability or profitability of the Company.

Mr Watson's contract may also be terminated by either party upon giving 6 months' notice, or by the Company on 3 months' notice where due to illness or incapacity, Mr Watson is unable to perform his duties, or is absent, for 3 calendar months. In the event of termination for any reason, the Company will pay any accrued and untaken annual leave and, subject to the relevant legislation, any accrued and untaken long service leave owing to Mr Watson.

14.10. Non-Executive Directors fees

Non-executive directors may be paid, as remuneration for their services, a sum determined from time to time by Sedgman's shareholders in a general meeting, with that sum to be divided amongst the non-executive directors in such a manner and proportion as they agree.

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the non-executive directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market.

The non-executive directors' remuneration is inclusive of committee fees.

The maximum aggregate amount which has been approved by Sedgman's shareholders for payment to the non-executive directors is $650,000 per annum.

Non-executive directors receive their remuneration as a combination of cash and superannuation. No element of the non-executive director's remuneration is "at risk" and as such they do not receive short term incentives and are not entitled to participate in the Company's long term equity based incentive schemes.

14. Remuneration report – audited (continued)

14.11. Details of remuneration (continued)

14.11.1. Amounts of remuneration

Details of the remuneration of the Directors and the key management personnel of the Group are set out below.

2015	**Short-term**			**Long term benefits**	**Post-employment**	**Share based payments**			
						Equity-settled			**Proportion of remunerat-ion perfo-rmance related**
	Cash salary & fees $	**(i) STI bonus $**	**Non-mone-tary benefits $**	**Other long term benefits $**	**(ii) Supera-nnuation benefits $**	**Shares $**	**(iii) Perfor-mance rights $**	**Total $**	**%**
Non-executive Directors									
Robert McDonald	105,416	-	6,768	-	10,015	-	-	122,199	-
Russell Kempnich	97,652	-	6,768	-	9,277	-	-	113,697	-
Donald Argent	83,616	-	6,768	-	7,944	-	-	98,328	-
Peter Richards	83,616	-	6,768	-	7,944	-	-	98,328	-
Antony Jacobs	83,616	-	6,768	-	7,944	-	-	98,328	-
Bart Vogel	28,569	-	2,299	-	2,714	-	-	33,582	-
Philippe Etienne	28,569	-	2,299	-	2,714	-	-	33,582	-
Roger Short	34,840	-	2,670	-	3,310	-	-	40,820	-
Executive Directors									
Peter Watson	654,332	395,000	6,768	-	25,000	-	158,322	1,239,422	44.64%
Other key management personnel									
Ian Poole	344,255	153,600	6,768	-	33,250	-	114,649	652,522	41.11%
Michael Carretta	415,110	202,600	6,768	17,974	25,000	-	124,991	792,443	41.34%
Ken Boulton	370,420	128,400	6,768	12,557	29,994	-	98,398	646,537	35.08%
Simon Stockwell	367,170	116,500	6,768	-	30,313	-	107,565	628,316	35.66%
Adrian Relf	337,513	159,381	6,304	-	22,919	-	106,049	632,166	41.99%
Samantha Douglas	184,719	56,146	6,304	9,316	22,670	-	45,289	324,444	31.26%
Alan Ainsworth(vi)	236,524	-	464	-	11,884	-	(130,376)	118,496	(110.03%)
Totals	**3,455,937**	**1,211,627**	**88,020**	**39,847**	**252,892**	**-**	**624,887**	**5,673,210**	

(i) The bonus figure disclosed for key management personnel relates to bonuses accrued within the 2015 financial year. Details of the vesting profile are shown below.

(ii) Superannuation benefits include all amounts paid on behalf of employees within the 2015 financial year.

(iii) The fair value of performance rights is calculated at the date of grant using the Monte Carlo pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the grant date fair value of the performance rights recognised in this reporting period. In addition, for cash-settled performance rights the fair value is remeasured at each reporting date up to and including the vesting date, with changes in fair value included in the individual's remuneration. In valuing the performance rights, market conditions have been taken into account. Remuneration in the form of performance rights includes negative amounts for performance rights forfeited during the year.

(iv) Included in Alan Ainsworth's cash salary and fees and superannuation benefits is a termination payment of $211,053.

14. Remuneration report – audited (continued)

14.11. Details of remuneration (continued)

	Short-term incentive bonus (i)	
	% vested in year (ii)	% forfeited in year (iii)
Directors		
Peter Watson	80%	20%
Executives		
Ian Poole	53%	47%
Michael Carretta	62%	38%
Ken Boulton	45%	55%
Simon Stockwell	41%	59%
Adrian Relf	60%	40%
Samantha Douglas	36%	64%
Alan Ainsworth	n/a	n/a

(i) Net profit after tax is the main financial performance target when setting short-term incentives.
(ii) The per cent vested is based on the maximum short-term incentive as disclosed in section 14.6.
(iii) The amounts forfeited are due to the performance of service criteria not being met in relation to the current financial year.

2014	Short-term			Long term benefits	Post-employ-ment	Share based payments			
						Equity-settled			
	Cash salary & fees $	(i) STI bonus $	Non-mone-tary benefits $	Other long term benefits $	(ii) Supera-nnuation benefits $	Shares $	(iii) Perfor-mance rights $	Total $	Proportion of remunerat-ion perfo-rmance related %
Non-executive Directors									
Russell Kempnich	107,725	-	7,670	-	11,075	11,999	-	138,469	-
Donald Argent	75,408	-	7,670	-	7,752	8,399	-	99,229	-
Robert McDonald	55,811	-	7,670	-	7,752	27,997	-	99,230	-
Roger Short	67,008	-	7,670	-	7,752	16,799	-	99,229	-
Bruce Munro	6,284	-	651	-	646	-	-	7,581	-
Peter Richards	41,808	-	7,670	-	7,752	41,999	-	99,229	-
Antony Jacobs	56,009	-	5,674	-	5,764	4,200	-	71,647	-
Executive Directors									
Peter Watson	440,223	-	7,670	-	25,000	-	106,534	579,427	18.39%
Nicholas Jukes(iv,v)	595,439	-	7,607	-	25,000	-	638,386	1,266,432	50.41%
Other key management personnel									
Ian Poole	350,901	-	7,670	-	25,000	-	128,371	511,942	25.08%
Michael Carretta	379,225	-	7,670	22,923	25,000	-	60,507	495,325	12.12%
Alan Ainsworth	351,515	-	7,670	-	32,515	-	60,507	452,207	13.38%
Ken Boulton	299,896	-	7,670	-	27,740	-	37,665	372,971	10.10%
Simon Stockwell	321,500	-	7,670	-	25,000	-	72,495	426,665	16.99%
Sten Soderstrom(vi)	138,621	-	252	-	9,267	-	(96,930)	51,210	(189.28%)
Simon Mordecai – Jones	41,190	-	2,110	-	-	-	-	43,300	-
Javier Freire	50,184	-	1,725	-	869	-	-	52,778	-
Thomas Dockray	80,107	5,135	20,481	-	-	-	-	105,723	4.86%
Totals	**3,458,854**	**5,135**	**122,870**	**22,923**	**243,884**	**111,393**	**1,007,535**	**4,972,594**	

14. Remuneration report – audited (continued)

14.11. Details of remuneration (continued)

(i) The bonus figure disclosed for key management personnel relates to bonuses accrued within the 2014 financial year.
(ii) Superannuation benefits include all amounts paid on behalf of employees within the 2014 financial year.
(iii) The fair value of performance rights is calculated at the date of grant using the Monte Carlo pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the grant date fair value of the performance rights recognised in this reporting period. In addition, for cash-settled performance rights the fair value is remeasured at each reporting date up to and including the vesting date, with changes in fair value included in the individual's remuneration. In valuing the performance rights, market conditions have been taken into account. Remuneration in the form of performance rights includes negative amounts for performance rights forfeited during the year.
(iv) Included in Nicholas Jukes' cash salary and fees and superannuation benefits is a termination payment of $15,537.
(v) Nicholas Jukes' ceased being KMP on 26 June 2014. Following this he formerly resigned from Sedgman on 27 June 2014 which triggered a reversal of prior year equity-settled performance rights of $837,721 and the $638,386 accrued within the 2014 financial year.
(vi) Included in Sten Soderstrom's cash salary and fees and superannuation benefits is a termination payment of $114,427.

14.11.2. Details of performance rights affecting current and future remuneration

Details of vesting profiles of equity-settled performance rights held by each key management personnel of the Group are set out below.

	Number	Grant date	Fair value per right at grant date	% Vested In Year	% Forfeited In Year	Vesting date[(i)]
Directors						
Peter Watson	250,000	28 July 2010	$0.95	0%	100%	28 August 2014
	490,000	21 November 2013	$0.42	-	-	August 2016
	841,000	18 December 2014[(ii)]	$0.43	-	-	August 2017
Key management personnel						
Ian Poole	250,000	24 November 2010	$1.29	0%	100%	28 August 2014
	418,000	21 November 2013	$0.42	-	-	August 2016
	491,000	18 December 2014[(ii)]	$0.43	-	-	August 2017
Michael Carretta	100,000	22 February 2010	$0.83	0%	100%	28 August 2014
	442,000	21 November 2013	$0.42	-	-	August 2016
	561,000	18 December 2014[(ii)]	$0.43	-	-	August 2017
Ken Boulton	50,000	22 February 2010	$0.83	0%	100%	28 August 2014
	323,000	21 November 2013	$0.42	-	-	August 2016
	491,000	18 December 2014[(ii)]	$0.43	-	-	August 2017
Simon Stockwell	100,000	31 October 2011	$1.28	0%	100%	28 August 2014
	376,000	21 November 2013	$0.42	-	-	August 2016
	491,000	18 December 2014[(ii)]	$0.43	-	-	August 2017
Adrian Relf	75,000	22 February 2010	$0.83	0%	100%	28 August 2014
	25,000	1 January 2011	$1.48	0%	100%	28 August 2014
	25,000	27 October 2011	$1.24	0%	100%	28 August 2014
	394,000	21 November 2013	$0.42	-	-	August 2016
	491,000	18 December 2014[(ii)]	$0.43	-	-	August 2017
Samantha Douglas	108,000	21 November 2013	$0.42	-	-	August 2016
	315,000	18 December 2014[(ii)]	$0.43	-	-	August 2017
Alan Ainsworth[(iii)]	100,000	22 February 2010	$0.83	0%	100%	28 August 2014
	442,000	21 November 2013	$0.42	-	100%	August 2016

(i) All performance rights expire on the vesting date or upon termination of the individual's employment. Upon vesting all performance rights have a $0.00 exercise price and are exercised. In addition to a continuing employment service condition, vesting is conditional on the Group achieving certain performance hurdles. Details of the performance criteria are included in Section 14.7. No rights that have been granted as compensation were exercised or exercisable during the financial year 2015.
(ii) Rights granted on 18 December 2014 were granted as compensation during the financial year 2015.
(iii) Per Section 14.4 of the Directors' report Alan Ainsworth ceased being KMP on 25 July 2014 and his performance rights were forfeited.

The fair value of equity-settled and cash-settled performance rights granted is determined using a Monte Carlo simulation model.

No KMP received cash-settled performance rights during financial year 2015.

14. Remuneration report – audited (continued)

14.11. Details of remuneration (continued)

14.11.3. Movements in performance rights

The movement during the reporting period, by value, of performance rights over ordinary shares in the Company held by each key management personnel of the Group is detailed below.

Name	Performance rights: Granted in year(i) $	Vested in year(ii) $	Number forfeited in year	Year forfeited rights were granted
Directors				
Peter Watson	360,116	-	250,000	FY2011
Key management personnel				
Ian Poole	210,246	-	250,000	FY2011
Michael Carretta	240,220	-	100,000	FY2010
Ken Boulton	210,246	-	50,000	FY2010
Simon Stockwell	210,246	-	100,000	FY2012
Adrian Relf	210,246	-	125,000	FY2010, FY2011 & FY2012
Samantha Douglas	134,833	-	-	n/a
Alan Ainsworth(iii)	-	-	542,000	FY2010 & FY2014

(i) The value of performance rights granted in the year is their fair value calculated at grant date using the Monte Carlo simulation-pricing model for rights with a TSR performance condition. The total value of the performance rights granted is included in the table above. This amount is allocated to remuneration over the vesting period in accordance with Australian Accounting Standards.

(ii) The value of performance rights converted to shares or cash during the year is calculated as the market price of shares of the Company as at close of trading on the date the performance rights vested.

(iii) Per Section 14.4 of the Directors' report Alan Ainsworth ceased being KMP on 25 July 2014 and his performance rights were forfeited.

14.11.4. Equity instruments

Equity performance rights holdings

The number of equity performance rights over the ordinary shares in the Company held during the financial year by each Director of Sedgman Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2015 Name	Balance at the start of the year (i)	Granted as compen-sation	Exercised	Expired / Forfeited	Modified to cash-settled	Ceased as KMP	Balance at end of the year	Vested & exercised during the year	Vested and exercisable at year end
Directors of Sedgman Limited									
Robert McDonald	-	-	-	-	-	-	-	-	-
Peter Watson	740,000	841,000	-	(250,000)	-	-	1,331,000	-	-
Russell Kempnich	-	-	-	-	-	-	-	-	-
Donald Argent	-	-	-	-	-	-	-	-	-
Peter Richards	-	-	-	-	-	-	-	-	-
Antony Jacobs	-	-	-	-	-	-	-	-	-
Bart Vogel(ii)	-	-	-	-	-	-	-	-	-
Philippe Etienne(ii)	-	-	-	-	-	-	-	-	-
Roger Short(iii)	-	-	-	-	-	-	-	-	-
Other key management personnel of the Group									
Ian Poole	668,000	491,000	-	(250,000)	-	-	909,000	-	-
Michael Carretta	542,000	561,000	-	(100,000)	-	-	1,003,000	-	-
Ken Boulton	373,000	491,000	-	(50,000)	-	-	814,000	-	-
Simon Stockwell	476,000	491,000	-	(100,000)	-	-	867,000	-	-
Adrian Relf	519,000	491,000	-	(125,000)	-	-	885,000	-	-
Samantha Douglas	108,000	315,000	-	-	-	-	423,000	-	-
Alan Ainsworth(iv)	542,000	-	-	(542,000)	-	-	n/a	-	-

(i) Balance at the start of the year relates to 1 July or the date that an employee became a key management personnel.

(ii) Per Section 14.4 of the Directors' report Bart Vogel and Philippe Etienne became KMP on 26 February 2015.

(iii) Per Section 14.4 of the Directors' report Roger Short ceased being KMP on 21 November 2014.

(iv) Per Section 14.4 of the Directors' report Alan Ainsworth ceased being KMP on 25 July 2014 and his performance rights were forfeited.

14. Remuneration report – audited (continued)

14.11. Details of remuneration (continued)

Cash-settled performance rights holdings
There was no cash-settled performance rights over the ordinary shares in the Company held by KMP during the financial year.

14.11.5. Movements in shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties is set out below.

2015 Name	Balance at the start of the year (i)	Granted as compens-ation	Received during the year on the exercise of performance rights	Purchases / (Disposals)	Ceased as KMP	Balance at the end of the year
Directors of Sedgman Limited Ordinary shares						
Robert McDonald	664,120	-	-	-	-	664,120
Russell Kempnich	16,480,442	-	-	293,000	-	16,773,442
Peter Watson	50,501	-	-	-	-	50,501
Donald Argent	298,173	-	-	-	-	298,173
Peter Richards	117,174	-	-	-	-	117,174
Antony Jacobs	7,743	-	-	-	-	7,743
Bart Vogel(ii)	-	-	-	80,000	-	80,000
Philippe Etienne(ii)	-	-	-	13,641	-	13,641
Roger Short(iii)	256,539	-	-	-	256,539	n/a
Other key management personnel of the Group Ordinary shares						
Ian Poole	501	-	-	-	-	501
Michael Carretta	87,333	-	-	-	-	87,333
Ken Boulton	97,193	-	-	-	-	97,193
Simon Stockwell	501	-	-	-	-	501
Adrian Relf	-	-	-	-	-	-
Samantha Douglas	501	-	-	-	-	501
Alan Ainsworth(iv)	25,501	-	-	-	25,501	n/a

(i) Balance at the start of the year relates to 1 July or the date that an employee became a key management personnel.
(ii) Per Section 14.4 of the Directors' report Bart Vogel and Philippe Etienne became KMP on 26 February 2015.
(iii) Per Section 14.4 of the Directors' report Roger Short ceased being KMP on 21 November 2014.
(iv) Per Section 14.4 of the Directors' report Alan Ainsworth ceased being KMP on 25 July 2014.

14.11.6. Key management personnel transactions

During the prior year, a key management person had control over an entity that provided consulting services with respect to a dispute on a Projects contract. The terms and conditions of the transactions with the key management person and their related party were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. There were no similar transactions in the 2015 financial year.

15. Indemnification and insurance of officers and auditors

Indemnification

The Company has agreed to indemnify the current Directors and all officers of its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors or officers of the Company and its controlled entities, except where liability arises out of conduct involving a lack of good faith.

The Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an auditor of the Company.

Insurance premiums

The Company has insured its indemnification of liabilities in respect of Directors and officers of the Company and its controlled entities.

16. Non-audit services

During the year KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Management Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor

- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for audit and non-audit services provided during the year are set out below.

	2015 $
Services other than audit and review of financial statements:	
Other regulatory audit services	
Long service leave audit	**21,250**
Other services	
Taxation services	**178,288**
Research and development allowance services	**70,000**
Other advisory services	**12,962**
	282,500
Audit and review of financial statements	**573,286**
Total paid to KPMG	**855,786**

17. Auditor

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 27 and forms part of the directors' report for the financial year ended 30 June 2015.

KPMG continues in office in accordance with section 327 of the *Corporations Act 2001*.

18. Rounding

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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

Robert John McDonald
Chairman

Peter Richard Watson
Managing Director

Brisbane
26 August 2015

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To: the Directors of Sedgman Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Scott Guse

Scott Guse
Partner

Brisbane
26 August 2015

	Notes	2015 $'000	2014 $'000
Revenue from services		**350,818**	318,423
Other income	6	**11,597**	4,204
		362,415	322,627
Expenditure			
Changes in construction work in progress		**(17,059)**	28,033
Raw materials and consumables used		**(187,552)**	(196,983)
Depreciation and amortisation expense	7	**(10,445)**	(16,304)
Employee expenses		**(95,631)**	(95,645)
Agency contract fees		**(7,285)**	(5,837)
Impairment of property, plant and equipment	7	**(2,326)**	-
Impairment of receivables reversed/(recognised)	7	**2,146**	(5,784)
Other expenses		**(22,194)**	(30,797)
Finance costs	7	**(1,865)**	(2,710)
		(342,211)	(326,027)
Share of net profit/(losses) of investments accounted for using the equity method	32	**2,596**	1,019
Profit/(loss) before income tax		**22,800**	(2,381)
Income tax expense	8	**(6,272)**	(5,312)
Profit/(loss) for the year attributable to the owners of the Company		**16,528**	(7,693)

		Cents	Cents
Earnings per share:			
Basic earnings per share	35	**7.3**	(3.4)
Diluted earnings per share	35	**7.2**	(3.4)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

	2015 $'000	2014 $'000
Profit/(loss)	**16,528**	(7,693)
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Changes in fair value of financial assets (net of tax)	**(735)**	43
Items that are or may be reclassified to profit or loss		
Foreign operations – foreign currency translation differences	**1,809**	(2,051)
Other comprehensive income (net of tax)	**1,074**	(2,008)
Total comprehensive income attributable to the owners of the Company	**17,602**	(9,701)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Notes	2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**111,024**	97,789
Trade and other receivables	10	**92,892**	77,518
Assets classified as held for sale	11	**1,483**	1,483
Current tax assets – Income tax refunds		**1,683**	1,989
Financial assets at fair value through profit or loss	12	**500**	-
Inventories – Spare parts and consumables		**2,222**	2,587
Total current assets		**209,804**	181,366
Non-current assets			
Financial assets at fair value through profit or loss	12	**274**	808
Financial assets at fair value through other comprehensive income	13	**546**	1,026
Investments accounted for using the equity method	14	**5,742**	2,587
Property, plant and equipment	15	**16,089**	24,023
Deferred tax assets	16	**5,217**	6,871
Intangible assets	17	**37,222**	39,276
Total non-current assets		**65,090**	74,591
Total assets		**274,894**	255,957
LIABILITIES			
Current liabilities			
Trade and other payables	18	**90,593**	54,962
Interest bearing liabilities	19	**2,185**	9,860
Provisions	20	**11,002**	10,829
Current tax liabilities – Income tax payable		**119**	2,026
Total current liabilities		**103,899**	77,677
Non-current liabilities			
Interest bearing liabilities	21	**-**	11,453
Provisions	22	**1,552**	3,238
Other		**178**	226
Total non-current liabilities		**1,730**	14,917
Total liabilities		**105,629**	92,594
Net assets		**169,265**	163,363
EQUITY			
Contributed equity	23	**116,212**	116,212
Reserves		**6,840**	4,978
Retained profits		**46,213**	42,173
Parent entity interest		**169,265**	163,363
Total equity attributable to equity holders of the Company		**169,265**	163,363

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

			Reserves				
	Notes	**Contributed equity** **$'000**	**Foreign currency translation reserve** **$'000**	**Equity compensation reserve** **$'000**	**Financial assets revaluation reserve** **$'000**	**Retained earnings** **$'000**	**Total Equity** **$'000**
Balance at 1 July 2013		112,250	(4,520)	11,999	(420)	58,738	178,047
Total comprehensive income^							
Profit/(loss)		-	-	-	-	(7,693)	(7,693)
Total other comprehensive income							
Movement in fair value of financial assets		-	-	-	43	-	43
Foreign exchange translation differences		-	(2,051)	-	-	-	(2,051)
Total comprehensive income		-	(2,051)	-	43	(7,693)	(9,701)
Transactions with owners of the Company^:							
Contributions of equity	23	3,962	-	-	-	-	3,962
Employee performance rights		-	-	(73)	-	-	(73)
Dividends provided for or paid	25	-	-	-	-	(8,872)	(8,872)
Total contributions by and distributions to owners		3,962	-	(73)	-	(8,872)	(4,983)
Balance at 30 June 2014		116,212	(6,571)	11,926	(377)	42,173	163,363
Balance at 1 July 2014		116,212	(6,571)	11,926	(377)	42,173	163,363
Total comprehensive income^							
Profit/(loss)		-	-	-	-	16,528	16,528
Total other comprehensive income							
Movement in fair value of financial assets		-	-	-	(735)	-	(735)
Foreign exchange translation differences		-	1,809	-	-	-	1,809
Total comprehensive income		-	1,809	-	(735)	16,528	17,602
Transactions with owners of the Company^:							
Contributions of equity	23	-	-	-	-	-	-
Employee performance rights		-	-	788	-	-	788
Dividends provided for or paid	25	-	-	-	-	(12,488)	(12,488)
Total contributions by and distributions to owners		-	-	788	-	(12,488)	(11,700)
Balance at 30 June 2015		116,212	(4,762)	12,714	(1,112)	46,213	169,265

^ *Amounts recognised are disclosed net of income tax (where applicable).*

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

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Cash receipts from customers		**382,676**	357,681
Cash payments to suppliers and employees		**(333,375)**	(345,025)
		49,301	12,656
Interest received		**3,000**	2,525
Financing costs paid		**(1,710)**	(2,354)
Income taxes refunded		**841**	966
Income taxes paid		**(6,433)**	(3,015)
Net cash from operating activities	34	**44,999**	10,778
Cash flows from investing activities			
Investment in joint venture		**-**	(1,130)
Acquisition of other investments		**(250)**	(500)
Payments for convertible notes		**(250)**	(750)
Payments for property, plant and equipment	15	**(3,079)**	(2,213)
Proceeds from sale of property, plant and equipment		**737**	342
Acquisition of intangible asset	17	**(110)**	(145)
Net cash used in investing activities		**(2,952)**	(4,396)
Cash flows from financing activities			
Finance lease payments		**(3,456)**	(1,532)
Repayment of borrowings		**(15,750)**	(4,200)
Dividends paid	25	**(12,488)**	(4,910)
Net cash used in financing activities		**(31,694)**	(10,642)
Net increase/(decrease) in cash and cash equivalents		**10,353**	(4,260)
Effect of exchange rate fluctuations on cash held		**2,882**	(1,305)
Cash and cash equivalents at 1 July		**97,789**	103,354
Cash and cash equivalents at 30 June	9	**111,024**	97,789

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

Contents of the notes to the consolidated financial statements

1 Reporting entity

Sedgman Limited (the "Company") is domiciled in Australia. The Company's registered office is at Level 2, 2 Gardner Close, Milton QLD 4064, Australia. These consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group" and individually "Group companies").

The Group is a for-profit entity and primarily is involved in providing project and operational services to the resources industry (see note 5).

2 Basis of accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ("IFRSs") adopted by the International Accounting Standards Board ("IASB"). They were authorised for issue by the Board of Directors on 26 August 2015. Details of the Group's accounting policies, including changes during the year, are included in notes 41 and 42.

3 Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Assessment of projects on a percentage of completion basis, in particular with regard to accounting for claims and variations, the timing of profit recognition and the amount of profit recognised (refer notes 36 and 42(c)(ii)); and
- Classification of joint arrangements (refer notes 42(a)(iv) and 42(a)(v))

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2016 is included in the following notes:

- Estimation of the economic life of property, plant and equipment (refer note 42(l)) and intangibles (refer note 42(m)), and the carrying amount of receivables (refer note 42(h));
- Testing of assets for impairment (refer notes 17, 42(f) and 42(h)); and
- Tax positions arising from foreign operations (refer notes 27 and 42(d)(ii)).

Review of carrying values of certain items of plant and equipment
During the year the Group completed a review of the carrying value of idle plant and equipment in the Operations segment based on the current and future use of this equipment. As a result of this review, an impairment charge of $2.326 million (2014: nil) (refer note 7) was recognised to write-down the carrying value of idle plant and equipment to nil, which is its value in use. This impairment loss was recognised within expenses in profit or loss.

Review of carrying values of receivables
During the year the Group recognised a net reversal of provisions for impairment of $2.146 million (refer note 7) due to the partial recovery of amounts owing within the Projects segment (2014: impairment charge of $5.784 million). This net reversal was recognised within expenses in profit or loss.

Measurement of fair values
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

4 Use of judgements and estimates (continued)

(b) Assumptions and estimation uncertainties (continued)

The Group has an established control framework with respect to the measurement of fair values. This includes review of significant fair value measurements at reporting periods, including Level 3 fair values. The reviews include assessments of significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then evidence is obtained from the third parties to support the conclusion that such valuations meet the requirements of AASBs, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit and Risk Management Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 33.

5 Operating segments

(a) Description of segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. All operating segments' operating results are regularly reviewed by the Group's CEO (the 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.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest income, other income and net foreign exchange losses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

The Group is structured along its business lines of Create, Build and Operate. For segment reporting purposes, the Group has determined (consistent with prior years) that the following two reportable segments exist: Projects (Create and Build) and Operations (Operate), which are considered to be the Group's overall strategic business units. For each of the strategic business units, the CEO reviews internal management reports on a monthly basis. The alignment of Create, Build and Operate into these reportable segments is set out below.

Projects
Projects partners with clients in the Create phase, through project assessment, development and definition to provide commercially effective solutions. Projects also delivers in the Build phase through the design, procurement, construction and commissioning of coal handling and preparation plants, minerals processing plants and other related equipment.

Operations
Operation and ownership of coal handling and preparation plants, and ore crushing and screening plants.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before income tax as included in the internal management reports that are reviewed by the Group's CEO. Segment profit/(loss) before income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

5 Operating segments (continued)

(a) Description of segments (continued)

2015	Projects $'000	Operations $'000	Consolidated $'000
Segment revenue	238,996	111,822	350,818
Interest and finance charges	(893)	(972)	(1,865)
Depreciation and amortisation expense	(3,167)	(7,278)	(10,445)
Impairment of property, plant and equipment	-	(2,326)	(2,326)
Impairment of receivables reversed/(recognised)	2,146	-	2,146
Settlement of a contractual claim*	5,849	-	5,849
Share of net profit/(loss) of investments accounted for using the equity method	2,596	-	2,596
Segment profit/(loss) before income tax	8,715	8,337	17,052
Capital expenditure	1,029	2,160	3,189

* During the year a settlement was received in relation to a contractual claim in respect of the Bocamina Coal Handling Yard project in Chile in an amount of US$4.55 million.

2014	Projects $'000	Operations $'000	Consolidated $'000
Segment revenue	183,598	134,825	318,423
Interest and finance charges	(1,216)	(1,494)	(2,710)
Depreciation and amortisation expense	(3,414)	(12,890)	(16,304)
Impairment of property, plant and equipment	-	-	-
Impairment of receivables reversed/(recognised)	(5,689)	(95)	(5,784)
Share of net profit/(loss) of investments accounted for using the equity method	1,019	-	1,019
Segment profit/(loss) before income tax	(13,926)	7,341	(6,585)
Capital expenditure	534	1,824	2,358

	2015 $'000	2014 $'000
Total profit or loss for reportable segments	**17,052**	(6,585)
Other income (note 6)*	**5,748**	4,204
Total profit/(loss) before income tax	**22,800**	(2,381)

* The contractual claim settlement included within note 6 has been allocated to the Projects segment.

(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of Group offices. Segment assets are based on the geographical location of the assets.

	Revenues 2015 $'000	**Non-current assets 2015 $'000**	**Revenues** 2014 $'000	**Non-current assets** 2014 $'000
Australia	**327,508**	**58,561**	308,772	65,222
Canada	**3,421**	**15**	2,248	16
Chile	**16,770**	**131**	10,039	95
Mozambique	**-**	**-**	(6,715)	-
Other countries	**3,119**	**346**	4,079	553
	350,818	**59,053**	318,423	65,886

(c) Major customers

Revenues from two (2014: three) customers of the Group represents $122.514 million (2014: $133.436 million) of the Group's total revenues.

6 Other income

	2015 $'000	2014 $'000
Interest income	**3,103**	2,836
Sundry income	**300**	736
Impact of financial assets through profit or loss – net change in fair value	**-**	23
Net gain on disposal of property, plant and equipment	**103**	-
Foreign exchange gains (net)	**2,242**	609
Settlement of a contractual claim	**5,849**	-
	11,597	4,204

7 Expenses

	2015 $'000	2014 $'000
Depreciation and amortisation		
Property, plant and equipment	**6,731**	11,056
Leased plant and equipment	**1,550**	2,116
Customer contracts	**-**	600
Brands	**-**	547
Software	**2,164**	1,985
Total depreciation and amortisation	**10,445**	16,304
Impairment of property, plant and equipment (note 4(b))	**2,326**	-
Net loss on disposal of property, plant and equipment	**-**	175
Redundancy costs	**1,735**	1,656
Impairment of receivables (reversed)/recognised (notes 4(b); 42(f); 42(h))	**(2,146)**	5,784
Finance costs		
Interest and finance charges paid/payable	**1,865**	2,710
Interest income (note 6)	**(3,103)**	(2,836)
Impact of financial assets through profit or loss – net change in fair value	**35**	(23)
Net finance costs/(income)	**(1,203)**	(149)

Contributions to defined contribution superannuation funds by the Group for the year ended 30 June 2015 amounted to $5.802 million (2014: $6.233 million).

8 Income tax expense

(a) Income tax expense

	2015 $'000	2014 $'000
Current tax	**4,242**	5,421
Current tax – prior year adjustment	**61**	304
Deferred tax	**2,397**	(2,075)
Deferred tax – prior year adjustment	**(428)**	1,662
	6,272	5,312

8 Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2015 $'000	2014 $'000
Profit/(loss) before income tax expense	**22,800**	(2,381)
Tax at the Australian tax rate of 30% (2014: 30%)	**6,840**	(714)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-allowable deductions	**1,391**	971
Tax exempt income	**(1,718)**	-
Under (over) provision in prior years [(i)]	**(367)**	1,966
Tax effect of share of profits of equity accounted investments [(ii)]	**(779)**	-
Tax incentives	**(1,000)**	(600)
Recognition of tax effect of previously unrecognised tax losses	**(722)**	-
Current year tax losses not recognised	**2,068**	2,926
Prior year losses written off	**567**	195
Foreign tax refunds derecognised	**-**	255
Sundry	**(8)**	313
Total income tax expense	**6,272**	5,312

(i) Included in the prior year over/(under) provision is an amount of $0.552 million which relates to non-deductible foreign tax credits and $0.632 million which relates to the derecognition of a deferred tax asset from tax benefits that will not be realised.

(ii) The share of profits of equity accounted investments is net of income tax. This line item removes the prima facie tax effect on such profits.

(c) Tax expense/(income) relating to items of other comprehensive income

	2015 $'000	2014 $'000
(Gains)/losses on revaluation of financial assets at fair value through other comprehensive income	**(315)**	19

9 Current assets – Cash and cash equivalents

	2015 $'000	2014 $'000
Cash at bank and in hand	**34,858**	25,478
Deposits at call	**16,166**	17,311
Short term deposits	**60,000**	55,000
Cash and cash equivalents in the statement of cash flows	**111,024**	97,789

Foreign currency controls exist in certain jurisdictions in which the Group operates, namely China, Mozambique and South Africa. As a result, cash reserves can build up from time to time in those jurisdictions until the necessary approval processes are completed to enable repatriation of funds to Australia. At 30 June 2015 cash reserves in Mozambique were $4.156 million (2014: $6.762 million), China were $0.334 million (2014: $0.902 million) and South Africa were $2.551 million (2014: $1.561 million).

10 Current assets - Trade and other receivables

	2015 $'000	2014 $'000
Trade receivables	**71,925**	71,608
Construction work in progress (note 36)	**12,806**	6,663
Other receivables and prepayments	**9,634**	14,331
Provision for impairment of receivables (note 33(b))	**(1,473)**	(15,084)
	92,892	77,518

Trade and other receivables are non-interest bearing and are expected to be received within 12 months. The Group's exposure to credit risks and impairment losses related to trade and other receivables (excluding construction work in progress) are disclosed in note 33(b).

At 30 June 2015 other receivables and prepayments include nil retentions (2014: $5.064 million). Provisions were raised for the full amount of the 2014 financial year end balance.

11 Current assets – Assets classified as held for sale

	2015 $'000	2014 $'000
Property, plant and equipment	**1,153**	1,153
Inventories	**330**	330
	1,483	1,483

In the financial year ended 30 June 2013 Sedgman ceased operating at the Blair Athol site. The Group has plans in place to sell the plant, equipment and inventory previously used at this site within the Operations segment. These sales are expected to occur before 30 June 2016. No impairment losses were recognised in reclassifying the assets as held for sale.

12 Current/Non-current assets – financial assets at fair value through profit or loss

	2015 $'000	2014 $'000
Listed equity securities	**8**	35
Convertible notes	**766**	773
	774	808
Current	**500**	-
Non-current	**274**	808
	774	808

13 Non-current assets – Financial assets at fair value through other comprehensive income

	2015 $'000	2014 $'000
Listed equity securities	**546**	626
Unlisted equity securities	**-**	400
	546	1,026

14 Non-current assets – Investments accounted for using the equity method

	2015 $'000	2014 $'000
Interest in joint venture (note 32(b))	**5,190**	2,060
Interests in associates (note 32(c))	**552**	527
	5,742	2,587

15 Non-current assets – Property, plant and equipment

	Land & Buildings $'000	Plant & Equipment $'000	Motor vehicles $'000	Structural improve-ments $'000	Leased plant & equipment $'000	Total $'000
At 1 July 2013						
Cost	3,978	92,297	2,969	4,667	14,927	118,838
Accumulated depreciation	(195)	(70,143)	(2,249)	(2,351)	(8,319)	(83,257)
Net book amount	3,783	22,154	720	2,316	6,608	35,581
Year ended 30 June 2014						
Opening net book amount	3,783	22,154	720	2,316	6,608	35,581
Transfers within property, plant and equipment	-	903	-	-	(903)	-
Foreign exchange impact	-	(51)	(2)	-	-	(53)
Additions	-	2,153	60	-	-	2,213
Disposals	-	(530)	(16)	-	-	(546)
Depreciation charge	(30)	(9,998)	(348)	(680)	(2,116)	(13,172)
Closing net book amount	3,753	14,631	414	1,636	3,589	24,023
At 1 July 2014						
Cost	3,978	91,945	2,522	4,667	12,462	115,574
Accumulated depreciation	(225)	(77,314)	(2,108)	(3,031)	(8,873)	(91,551)
Net book amount	3,753	14,631	414	1,636	3,589	24,023
Year ended 30 June 2015						
Opening net book amount	3,753	14,631	414	1,636	3,589	24,023
Transfers within property, plant and equipment	-	-	-	-	-	-
Foreign exchange impact	-	99	1	-	-	100
Additions	-	2,946	133	-	-	3,079
Disposals	-	(498)	-	-	(8)	(506)
Impairment loss ^	-	(2,326)	-	-	-	(2,326)
Depreciation charge	(30)	(5,732)	(267)	(703)	(1,549)	(8,281)
Closing net book amount	3,723	9,120	281	933	2,032	16,089
At 30 June 2015						
Cost	**3,978**	**87,815**	**2,152**	**4,667**	**9,551**	**108,163**
Accumulated depreciation	**(255)**	**(78,695)**	**(1,871)**	**(3,734)**	**(7,519)**	**(92,074)**
Net book amount	**3,723**	**9,120**	**281**	**933**	**2,032**	**16,089**

^ Refer note 4(b).

16 Non-current assets/liabilities – Deferred tax balances

	2015			2014		
	Net	**Deferred tax assets**	**Deferred tax liabilities**	Net	Deferred tax assets	Deferred tax liabilities
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
The balance comprises temporary differences attributable to:						
Employee benefits	**4,877**	**4,877**	**-**	2,775	2,775	-
Doubtful debts	**599**	**599**	**-**	2,594	2,594	-
Dismantling provision	**350**	**350**	**-**	350	350	-
Property, plant and equipment	**(571)**	**-**	**(571)**	(123)	-	(123)
Land and buildings	**(766)**	**-**	**(766)**	(766)	-	(766)
Unrealised foreign exchange gains	**(232)**	**-**	**(232)**	(113)	-	(113)
Tax losses	**-**	**-**	**-**	603	603	-
Financial assets at fair value	**479**	**479**	**-**	161	161	-
Onerous contract provision	**403**	**403**	**-**	1,100	1,100	-
Sundry	**78**	**335**	**(257)**	290	368	(78)
Tax assets/(liabilities) before set-off	**5,217**	**7,043**	**(1,826)**	6,871	7,951	(1,080)
Set-off of deferred tax liabilities pursuant to set-off provisions	**-**	**(1,826)**	**1,826**	-	(1,080)	1,080
Net deferred tax assets	**5,217**	**5,217**	**-**	6,871	6,871	-

All movements in temporary differences other than financial assets at fair value through other comprehensive income are recognised in deferred tax expense. The amount in relation to financial assets at fair value through other comprehensive income is recognised in other comprehensive income.

Unrecognised deferred tax assets

Some unused tax losses in current and prior years totalling $5.034 million (2014: $3.121 million) have not been recognised in the deferred tax asset balance due to management's view that these may never be utilised and in some instances are restricted by regulatory cessation dates.

17 Non-current assets – Intangible assets

	Software	Goodwill	Brand	Customer Contracts	Total
	$'000	$'000	$'000	$'000	$'000
At 1 July 2013					
Cost	10,680	54,014	3,270	21,362	89,326
Accumulated amortisation and impairment charge	(3,578)	(20,000)	(2,723)	(20,762)	(47,063)
Net book amount	7,102	34,014	547	600	42,263
Year ended 30 June 2014					
Opening net book amount	7,102	34,014	547	600	42,263
Acquisitions	145	-	-	-	145
Amortisation for the year	(1,985)	-	(547)	(600)	(3,132)
Closing net book amount	5,262	34,014	-	-	39,276
At 30 June 2014					
Cost	10,825	54,014	3,270	21,362	89,471
Accumulated amortisation and impairment charge	(5,563)	(20,000)	(3,270)	(21,362)	(50,195)
Net book amount	5,262	34,014	-	-	39,276
Year ended 30 June 2015					
Opening net book amount	5,262	34,014	-	-	39,276
Acquisitions	110	-	-	-	110
Amortisation for the year	(2,164)	-	-	-	(2,164)
Closing net book amount	3,208	34,014	-	-	37,222
At 30 June 2015					
Cost	**10,935**	**54,014**	**3,270**	**21,362**	**89,581**
Accumulated amortisation and impairment charge	**(7,727)**	**(20,000)**	**(3,270)**	**(21,362)**	**(52,359)**
Net book amount	**3,208**	**34,014**	**-**	**-**	**37,222**

For the purposes of impairment testing, goodwill is allocated to the Group's operating business units which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	2015	2014
	$'000	$'000
Sedgman Operations	**15,790**	15,790
Sedgman Projects	**18,224**	18,224
	34,014	34,014

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts determined by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 2.50% (2014: 2.50%). In performing the value-in-use calculations, the Group has applied a post-tax discount rate of 11.4% (equivalent to a pre-tax discount rate of 15.2%) (2014: post-tax discount rate of 11.9% (equivalent to a pre-tax discount rate of 15.4%)). The values assigned to the key assumptions represent management's assessment of future trends in the mining and resources industry and were based on both external and internal sources.

The value-in-use calculations for each unit is most sensitive to the following assumptions:

- Cashflow forecasts used in years 1 to 5;
- Change in discount rates; and
- Long term growth rate.

A sensitivity analysis was conducted to determine the carrying value of the cash generating units under adverse conditions. There is no impairment from any reasonable change in the assumptions used in the value-in-use calculations.

18 Current liabilities – Trade and other payables

	2015 $'000	2014 $'000
Trade payables	**17,365**	25,721
Progress claims in advance (note 36)	**32,890**	9,989
Other creditors and accruals	**40,338**	19,252
	90,593	54,962

Trade and other payables are non-interest bearing and are expected to be settled within 12 months.

Information about the Group's exposure to currency and liquidity risk is included in note 33(b).

19 Current liabilities – Interest bearing liabilities

	2015 $'000	2014 $'000
Lease liabilities (note 28)	**2,185**	5,660
Commercial loans (secured)	**-**	4,200
Total current interest-bearing borrowings	**2,185**	9,860

The Group leases plant and equipment under finance leases expiring within three years (2014: four years). At the end of the lease term, the Group can make an offer to purchase the equipment at the residual prices set in the lease.

In March 2013 Sedgman extended its club banking agreement with the Australia and New Zealand bank ("ANZ") and the National Australia Bank ("NAB"). The agreement expires in June 2016 with separate components of the facility being set as either revolving with a 12 month annual review, or terminating. Any loans are secured by a fixed and floating charge over the assets of Sedgman Limited. In March 2015 Sedgman repaid its outstanding commercial loans of $12.600 million. The effective interest rate for 30 June 2015 was nil (30 June 2014: 4.72%).

Total financing facilities at reporting date are $95.183 million (2014: $144.135 million). Total utilised facilities, comprising of performance guarantees and commercial loans, at reporting date are $38.224 million (2014: $51.338 million).

Information about the Group's exposure to interest rate and liquidity risk is included in note 33(b).

20 Current liabilities – Provisions

	2015 $'000	2014 $'000
Employee benefits	**8,693**	8,006
Dismantling plant and other site costs	**1,415**	1,374
Surplus lease space (note 28(b))	**894**	1,449
	11,002	10,829

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Surplus lease space $'000	Dismantling $'000	Total $'000
Carrying amount at start of year	**1,449**	**1,374**	**2,823**
(Credited)/charged to profit or loss – additional provisions recognised	**(555)**	**41**	**(514)**
Carrying amount at end of year	**894**	**1,415**	**2,309**

21 Non-current liabilities – Interest bearing liabilities

	2015 $'000	2014 $'000
Lease liabilities (note 28)	**-**	-
Commercial loans (secured)	**-**	11,453
Total non-current borrowings	**-**	11,453

Refer to note 19 for terms of commercial loans.

22 Non-current liabilities – Provisions

	2015 $'000	2014 $'000
Make good	**273**	273
Employee benefits	**831**	748
Surplus lease space (note 28(b))	**448**	2,217
	1,552	3,238

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Surplus lease space $'000	Make good $'000	Total $'000
Carrying amount at start of year	**2,217**	**273**	**2,490**
Charged/(credited) to profit or loss - additional provisions recognised	**(1,769)**	**-**	**(1,769)**
Carrying amount at end of year	**448**	**273**	**721**

23 Contributed equity

	2015 Shares	2014 Shares	2015 $'000	2014 $'000
(a) Share capital				
Ordinary shares				
Fully paid	**227,059,277**	227,059,277	**116,212**	116,212
	227,059,277	227,059,277	**116,212**	116,212

(b) Movements in ordinary share capital:

Date	Details	Number of shares	$'000
1 July 2013	Balance	220,368,310	112,250
17 Sept 2013	Dividend reinvestment plan issues	2,856,326	1,981
28 Mar 2014	Dividend reinvestment plan issues	3,834,641	1,981
		6,690,967	3,962
30 June 2014	**Balance**	**227,059,277**	**116,212**
	Shares issued	-	-
30 June 2015	**Balance**	**227,059,277**	**116,212**

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

24 Nature and purpose of reserves

Foreign currency translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as described in note 42(b). The reserve is recognised in profit or loss when the foreign operation is disposed of.

Equity compensation reserve
The equity compensation reserve recognises the fair value of performance rights issued as compensation to employees but not exercised.

Financial assets revaluation reserve
This reserve recognises changes in the fair value of financial assets included in other comprehensive income.

Refer to consolidated statement of changes in equity for the movement and closing balance of reserve accounts.

25 Dividends

	2015 $'000	2014 $'000
(a) Ordinary shares		
Final fully franked dividend		
Dividend per share $0.02 (2014: $0.02) based on tax paid @ 30%	**4,541**	4,407
Interim fully franked dividend		
Dividend per share $0.035 (2014: $0.02) based on tax paid @ 30%	**7,947**	4,465
Total dividends provided for or paid	**12,488**	8,872
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2015 and 30 June 2014 were as follows:		
Paid in cash	**12,488**	4,910
Satisfied by issue of shares	**-**	3,962
	12,488	8,872

After the balance sheet date the following dividends were proposed by the Directors. The dividends have not been provided for. The record date for entitlement to these dividends will be 9 September 2015. The declaration and subsequent payment of dividends has no income tax consequences.

	Cents per share	**Franked/ unfranked**	**Date of Payment**
Final ordinary	3.8	Franked	23 Sept 15
Special	2.2	Franked	23 Sept 15

The financial effect of these dividends has not been brought to account in the consolidated financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial reports.

(b) Franked dividends

The franked portions of the final dividends recommended after 30 June 2015 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2015.

	2015 $'000	2014 $'000
Franking credits available for subsequent financial years based on tax rate of 30% (2014: 30%)	**23,967**	26,085

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends. The ability to utilise the franking credits is dependent upon the ability to declare dividends. In accordance with the tax consolidation legislation, Sedgman Limited as the head entity in the tax-consolidated group has also assumed the benefit of $23.967 million (2014: $26.085 million) franking credits.

The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $5.839 million (2014: $1.946 million).

26 Auditors' remuneration

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:

	2015 $	2014 $
Audit and review services		
Auditors of the Company - KPMG		
Audit and review of financial statements	**573,286**	485,578
Other regulatory audit services	**21,250**	25,805
Audit and review of financial statements	**594,536**	511,383
Other auditors	**10,328**	12,260
Audit and review of financial statements	**604,864**	523,643
Other services		
Auditors of the Company - KPMG		
In relation to taxation, research and development allowance and other advisory services	**261,250**	645,375
	261,250	645,375

27 Contingencies

Guarantees and Performance Bonds
Bank guarantees and performance bonds have been given in respect of work in progress contracts and leased premises of the Group amounting to $36.039 million (2014: $32.228 million).

Taxation
The Group operates in a number of foreign jurisdictions which trigger various taxation obligations. The Group believes that its accruals for taxation related liabilities are adequate for all open tax years. However, the outcome of all uncertain tax positions cannot be foreseen at present. No amounts have been disclosed in these consolidated financial statements for these items.

28 Commitments

(a) Capital commitments

Capital commitments contracted for at the reporting date but not recognised as liabilities.

	2015 $'000	2014 $'000
Property, plant and equipment	**2,651**	-

(b) Lease commitments

(i) Operating leases

	2015 $'000	2014 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**4,813**	6,304
Later than one year but not later than five years	**9,791**	8,983
	14,604	15,287

The Group leases buildings under operating leases expiring within the next 4.5 years (2014: 2.5 years). The leases involve lease payments comprising a base amount plus an incremental contingent rental. Contingent rentals are based on Fixed Increase Percentages.

In the prior year an onerous contract, as defined in note 42(q), relating to surplus lease space was recognised in other expenses increasing costs by $3.666 million. There was no similar provision recognised in the current financial year.

Taking into account the unwind of the onerous contract in the current year of $2.324 million, the net operating lease rental expense recognised in the year ended 30 June 2015 was $2.939 million (2014: $9.163 million including the onerous contract of $3.666 million).

28 Commitments (continued)

(b) Lease commitments (continued)

(ii) Finance leases

	2015 $'000	2014 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**662**	3,748
Later than one year but not later than five years	**1,752**	2,414
Minimum lease payments	**2,414**	6,162
Less: Future finance charges	**(229)**	(502)
Total lease liabilities	**2,185**	5,660
Representing lease liabilities:		
Current (note 19)	**2,185**	5,660
Non-current (note 21)	**-**	-
	2,185	5,660

The Group leases plant and equipment under finance leases expiring within three years (2014: four years). At the end of the lease term, the Group has the option to purchase the equipment at the residual prices set in the lease.

Due to the financing leases with ANZ and NAB being under annual revolving facilities, all outstanding commitments on these leases are classified as a current liability.

Refer note 32 for commitments relating to joint ventures and associates.

29 Related party transactions

(a) Parent entity

The parent entity within the Group is Sedgman Limited.

(b) Directors

The names of persons who were Directors of the Company at any time during the financial year are as follows: R J McDonald, R J Kempnich, P R Watson, D J Argent, P I Richards, A L Jacobs, P G Etienne, B Vogel and R R Short. All of these persons were also Directors at any time during the year ended 30 June 2014, except for P G Etienne and B Vogel who were both appointed on 26 February 2015. R R Short held office as a Non-Executive Director until his resignation on 21 November 2014.

(c) Subsidiaries

Interests in subsidiaries are set out in note 30.

(d) Key management personnel compensation

	2015 $	2014 $
Short-term employee benefits	**4,544,531**	3,456,895
Long-term employee benefits	**39,847**	22,923
Post-employment benefits	**252,892**	243,884
Termination benefits	**211,053**	129,964
Share-based payments	**624,887**	1,118,928
	5,673,210	4,972,594

Compensation of the Group's key management personnel includes salaries and non-cash benefits. Executive officers also participate in the LTI plan (see note 37).

(e) Services provided to/from related parties

During the year ended 30 June 2015 OnTalent Pty Ltd, an associate of Sedgman Limited (refer note 32(c)), provided recruitment services and contractors to the Group for $2.351 million (2014: $2.100 million), consistent with OnTalent's normal terms and conditions. At year end, the amount payable to OnTalent Pty Ltd was $39,260 (2014: $17,485).

29 Related party transactions (continued)

(e) Services provided to/from related parties (continued)

During the year ended 30 June 2014, Russell Todd from Jukes Todd & Associates, an entity over which the former Managing Director of Sedgman Limited had control, provided consulting services with respect to a dispute on a Projects contract for $60,588. These transactions were at arm's length. There were no similar transactions in the current financial year.

(f) GSJV SCC

During the year ended 30 June 2015 the Group provided engineering consulting services to the GSJV SCC a joint arrangement of the Group (refer note 32(b)) for $8.966 million (2014: $9.698 million). These services were provided under the Group's normal terms and conditions. At year end the amount receivable from GSJV SCC was $1.855 million (2014: $1.071 million). Refer to note 32(b) for relationship details.

(g) Thiess Sedgman Joint Venture ("TSJV")

During the year ended 30 June 2015 the Group provided engineering consulting services to the TSJV a joint operation of the Group (refer note 32(a)) for $6.718 million (2014: $4.691 million). These services were provided under the Group's normal terms and conditions. At year end the amount receivable from the TSJV was $0.308 million (2014: $0.283 million). Refer to note 32(a) for relationship details.

(h) Thiess Sedgman Projects Joint Venture ("TSPJV")

During the year ended 30 June 2015 the Group provided engineering consulting services to the TSPJV a joint operation of the Group (refer note 32(a)) for $5.919 million (2014: nil). These services were provided under the Group's normal terms and conditions. At year end the Group has no amounts receivable from the TSPJV (2014: nil). Refer to note 32(a) for relationship details.

30 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 42(a):

Name of entity	**Country of incorporation**	**Class of shares**	**Equity Holding**	
			2015 %	2014 %
Parent entity				
Sedgman Limited	Australia			
Controlled entities				
Sedgman Asia Ltd	Hong Kong	Ordinary	100	100
Sedgman Botswana (Pty) Ltd	Botswana	Ordinary	100	100
Sedgman Engineering Technology (Beijing) Co Ltd	China	Ordinary	100	100
Sedgman Employment Services Pty Ltd	Australia	Ordinary	100	100
Sedgman International Employment Services Pty Ltd	Australia	Ordinary	100	100
Sedgman LLC	Mongolia	Ordinary	100	100
Sedgman Malaysia Sdn Bhd	Malaysia	Ordinary	100	100
Sedgman Mozambique Limitada	Mozambique	Ordinary	100	100
Sedgman S.A.	Chile	Ordinary	99	99
Sedgman S.A.S.	Colombia	Ordinary	100	100
Sedgman South Africa (Pty) Ltd	South Africa	Ordinary	100	100
Sedgman Operations Employment Services Pty Ltd	Australia	Ordinary	100	100
Sedgman Operations Pty Ltd	Australia	Ordinary	100	100
Contrelec Engineering Pty Ltd	Australia	Ordinary	100	100
Intermet Engineering Pty Ltd	Australia	Ordinary	100	100
Tambala Pty Ltd	Mauritius	Ordinary	100	100
Sedgman Consulting Unit Trust (formerly Yeats Consulting Unit Trust)	Australia	Ordinary	100	100
Sedgman Consulting Pty Ltd (formerly Yeats Consulting Pty Ltd)	Australia	Ordinary	100	100
Sedgman South Africa Investments Limited	British Virgin Islands	Ordinary	100	100
Sedgman Canada Limited	Canada	Ordinary	100	100

In the prior year, GSJV SCC (previously named GSJV Limited) was a 100% owned subsidiary of the Group from 20 November 2013 up to the execution of the shareholders' agreement with GyM Operaciones Internacionales Sociedad Anonima Cerrada on 31 May 2014, refer note 32(b) for current arrangements. This change in ownership did not give rise to a gain or a loss.

Refer to note 9 for regulatory restrictions in relation to Sedgman Engineering Technology (Beijing) Co Ltd, Sedgman Mozambique Limitada and Sedgman South Africa (Pty) Ltd.

31 Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Directors' report.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Contrelec Engineering Pty Ltd
- Intermet Engineering Pty Ltd
- Sedgman Operations Employment Services Pty Ltd
- Sedgman Operations Pty Ltd
- Sedgman International Employment Services Pty Ltd

A consolidated statement of profit or loss and other comprehensive income and consolidated balance sheet, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2015 is set out as follows:

(a) Consolidated statement of profit or loss and other comprehensive income and retained earnings

	2015 $'000	2014 $'000
Revenue from services	**323,390**	303,357
Other income	**4,498**	3,617
Dividends received	**1,958**	-
	329,846	306,974
Changes in construction work in progress	**(16,356)**	25,845
Raw materials and consumables used	**(183,002)**	(196,038)
Depreciation and amortisation expense	**(9,817)**	(15,538)
Employee expenses	**(77,935)**	(78,127)
Agency contract fees	**(6,981)**	(5,590)
Impairment of property, plant and equipment	**(2,326)**	-
Impairment of receivables reversed/(recognised)	**2,410**	(3,082)
Other expenses	**(16,046)**	(25,378)
Finance costs	**(1,847)**	(2,660)
	(311,900)	(300,568)
Share of net profits/(losses) of investments accounted for using the equity method	**2,596**	1,019
Profit/(loss) before income tax	**20,542**	7,425
Income tax expense	**(4,435)**	(3,053)
Profit/(loss) after tax	**16,107**	4,372
Items that will never be reclassified to profit or loss		
Changes in fair value of financial assets (net of tax)	**(735)**	43
Items that are or may be reclassified to profit or loss		
Foreign operations – foreign currency translation differences	**559**	-
Other comprehensive income for the year, net of tax	**(176)**	43
Total comprehensive income for the year, net of tax	**15,931**	4,415
Retained earnings at the beginning of the financial year	**30,482**	34,982
Profit/(loss) for the year	**16,107**	4,372
Dividends recognised during the year	**(12,488)**	(8,872)
Retained earnings at end of year	**34,101**	30,482

31 Deed of cross guarantee (continued)

(b) Consolidated balance sheet

	2015 $'000	2014 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**92,517**	79,948
Trade and other receivables	**96,558**	79,917
Assets classified as held for sale	**1,483**	1,483
Current tax assets – Income tax refunds	**408**	-
Financial assets at fair value through profit or loss	**500**	-
Inventories – Spare parts and consumables	**2,222**	2,587
Total current assets	**193,688**	163,935
Non-current assets		
Trade and other receivables	**3,223**	6,925
Financial assets at fair value through profit or loss	**272**	789
Financial assets at fair value through other comprehensive income	**546**	1,026
Investments accounted for using the equity method	**5,742**	2,587
Investments in controlled entities	**7,721**	7,721
Property, plant and equipment	**15,394**	22,963
Deferred tax assets	**3,776**	5,013
Intangible assets	**34,512**	36,565
Total non-current assets	**71,186**	83,589
Total assets	**264,874**	247,524
LIABILITIES		
Current liabilities		
Trade and other payables	**88,635**	52,926
Interest bearing liabilities	**2,185**	9,842
Provisions	**8,552**	8,725
Current tax liabilities – Income tax payable	**-**	1,800
Total current liabilities	**99,372**	73,293
Non-current liabilities		
Trade and other payables	**1,520**	1,280
Interest bearing liabilities	**-**	11,453
Provisions	**1,552**	3,238
Other	**178**	226
Total non-current liabilities	**3,250**	16,197
Total liabilities	**102,622**	89,490
Net assets	**162,252**	158,034
EQUITY		
Contributed equity	**116,212**	116,212
Reserves	**11,939**	11,340
Retained profits	**34,101**	30,482
Parent entity interest	**162,252**	158,034

32 Interests in joint arrangements and associates

(a) Interest in joint operations

Name and principal activity	Ownership interest **2015**	2014
Thiess Sedgman Joint Venture ("TSJV") 179 Grey Street South Bank QLD 4101 Australia	**50%**	50%

The TSJV delivers the design, construction and commissioning of coal handling and preparation plants, minerals processing plants and other related equipment. The purpose of Sedgman's involvement with the TSJV is to provide growth opportunities and increase access to integrated engineering and operations solutions.

Name and principal activity	Ownership interest **2015**	2014
Thiess Sedgman Projects Joint Venture ("TSPJV") 179 Grey Street South Bank QLD 4101 Australia	**50%**	50%

The TSPJV was specifically established to deliver a contract with Fortescue Metals Group Limited to design and construct a modular iron ore processing plant at the Solomon mine located in Western Australia.

(b) Interest in joint venture

During the year ended 30 June 2014 Sedgman entered into a joint venture to deliver a mineral processing plant and related infrastructure in Guyana with GyM Operaciones Internacionales Sociedad Anonima Cerrada ("GyM").

The joint venture entity GSJV Limited was incorporated in Barbados on 20 November 2013. The name of the entity was changed on 17 March 2014 to GSJV SCC. The principal place of business is Erin Court, Bishop's Court Hill, St. Michael, Barbados.

GSJV SCC is structured as a separate vehicle and the Group has a 50% interest in the net assets of GSJV SCC. All decisions of the shareholders in GSJV SCC require, and may only be passed by, the unanimous resolution of all shareholders. Accordingly, the Group has classified its interest in GSJV SCC as a joint venture, which is equity accounted. In accordance with the agreement under which GSJV SCC was established and will be operated, Sedgman has contributed US$1 million and has agreed to make additional contributions in proportion to its interest to make up any losses, if required. This commitment has not been recognised in these consolidated financial statements.

The Group has no other commitments or contingencies as at 30 June 2015 (2014: nil) in relation to its interest in the GSJV SCC joint venture.

32 Interests in joint arrangements and associates (continued)

(b) Interest in joint venture (continued)

The following table summarises the financial information of GSJV SCC (based on the financial statements prepared in accordance with Australian Accounting Standards) and reconciles this with the carrying amount of the Group's interest in GSJV SCC.

	2015 $'000	2014 $'000
GSJV SCC assets and liabilities (100%)		
Current assets*	**35,916**	29,838
Non-current assets	**-**	-
Total assets	**35,916**	29,838
Current liabilities	**26,774**	25,718
Non-current liabilities	**-**	-
Total liabilities	**26,774**	25,718
Net assets	**9,142**	4,120
Net assets (50%)	**4,571**	2,060
Impact on net asset allocation due to GyM profit recognition^	**619**	-
Included in the balance sheet as investments accounted for using the equity method (Group's share of net assets)^	**5,190**	2,060
GSJV SCC revenue, expenses and results (100%)		
Revenue	**116,148**	35,469
Expenses	**(111,703)**	(33,475)
Profit before income tax	**4,445**	1,994
Income tax expense	**(692)**	-
Net profit after income tax	**3,753**	1,994
Net profit after income tax (50%)	**1,877**	997
Impact on net profit after income tax due to GyM profit recognition^	**694**	-
Group's share of net profit after income tax	**2,571**	997
Group's other comprehensive income	**559**	-
Group's total comprehensive income for the period	**3,130**	997

* Included in GSJV SCC's current assets is a cash balance of $14.504 million (2014: $15.244 million).

^ GyM (the joint venture partner) realised a component of their profit of the joint venture via direct billing for work performed on the construction of the project throughout the year. Consequently Sedgman had a higher share of the after tax profit and net assets of the joint venture to maintain an equitable distribution between the partners.

No dividends have been received by the Group from the joint venture during the year ended 30 June 2015 (2014: nil).

(c) Interest in associates

On 1 July 2012 Sedgman acquired 33% in OnTalent Pty Ltd for $549,540. The Group retains a 33% interest in OnTalent Pty Ltd at 30 June 2015.

Movements in carrying amounts	2015 $'000	2014 $'000
Carrying amount at the beginning of the financial year	**527**	505
Share of profits/(losses) from continuing operations	**25**	22
	552	527

33 Financial instruments

(a) Financial instruments classifications and fair values

The fair value of financial assets and liabilities and their levels in the fair value hierarchy, together with the carrying amounts shown in the consolidated balance sheet, are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The fair value levels have been defined in note 4(b).

	2015		2014	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Cash and cash equivalents #	**111,024**		97,789	
Trade and other receivables #	**92,892**		77,518	
Financial assets at fair value through profit or loss^	**774**	**774**	808	808
Financial assets at fair value through other comprehensive income *	**546**	**546**	1,026	1,026
Total financial assets	**205,236**		177,141	
Financial liabilities #				
Trade and other payables	**90,593**		54,962	
Interest bearing liabilities	**2,185**		21,313	
Total financial liabilities	**92,778**		76,275	

^ Financial assets at fair value through profit or loss includes assets deemed Level 3 in the fair value hierarchy of $0.766 million (30 June 2014: $0.773 million). All other items are deemed Level 1.

* Financial assets at fair value through other comprehensive income includes an asset deemed Level 3 in the fair value hierarchy with a value of nil (30 June 2014: $0.400 million). All other items are deemed Level 1.

The Group has not disclosed the fair values for cash and cash equivalents, trade and other receivables and financial liabilities as their carrying amounts are a reasonable approximation of fair values.

(i) Valuation techniques

Level 2: The Group does not hold any Level 2 class financial assets.

Level 3: Inputs are based on either management's best estimates and using a discounted cash flows methodology or management's best estimate in conjunction with independent market valuation.

(ii) Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Designated at fair value	
	2015	2014
	$'000	$'000
Balance at beginning of period	**1,173**	400
Payments for convertible notes	**250**	750
Conversion of convertible notes to shares	**(250)**	-
Total unrealised gains/(losses) for the period included in profit or loss	**(7)**	23
Total unrealised gains/(losses) for the period included in other comprehensive income	**(400)**	-
Balance at 30 June	**766**	1,173

33 Financial instruments (continued)

(b) Financial risk management

The Group has exposure to the following risks from their use of financial instruments:

- Market risk (see (b)(ii))
- Credit risk (see (b)(iii))
- Liquidity risk (see (b)(iv))

(i) Risk management framework and capital management

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a Risk Management system within the Corporate group, which is responsible for developing and monitoring the Group's risk management policies. This Corporate group reports to the Audit and Risk Management Committee and the Board throughout the year on its activities.

The Group's risk management policies and procedures are established to identify and analyse the risks faced by the Group, and monitor those risks. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to sustain future development of the business and reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year.

(ii) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (USD). The amounts below represent the AUD equivalent of USD cash held, or receivable or payable in USD, in entities within the Group whose functional currency is not USD. In addition the Group adopts a USD functional currency for a number of its subsidiaries and joint venture arrangements.

	2015 $'000	2014 $'000
Financial Assets		
Cash and cash equivalent assets	**8,389**	10,998
Trade and other receivables	**12,338**	1,164
	20,727	12,162
Financial Liabilities		
Trade and other payables	**(1,008)**	(927)
	(1,008)	(927)
Equity Reserves		
Foreign currency translation reserve	**(269)**	75
	(269)	75
Net Exposure	**19,450**	11,310

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the balance sheet date. This analysis is performed on the same basis for 2014.

33 Financial instruments (continued)

(b) Financial risk management (continued)

With all other variables held constant, the following table illustrates how post tax profit and equity for the Group would have been affected had the Australian dollar moved against the USD:

	2015 $'000	2014 $'000
Impact on post-tax profit:		
+10% AUD / USD	**(1,254)**	(757)
-10% AUD / USD	**1,553**	926
Impact on equity:		
+10% AUD / USD	**(1,515)**	(773)
-10% AUD / USD	**1,851**	945

The Group regularly monitors the level of its foreign currency exposure and where appropriate, considers the use of foreign exchange contracts to manage significant exposures. There were no foreign exchange contracts entered at 30 June 2015 (2014: nil).

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

At 30 June 2014 and 30 June 2015, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk:

	2015 $'000	2014 $'000
Financial Assets		
Cash and cash equivalents assets	**111,020**	97,773
	111,020	97,773
Financial Liabilities		
Commercial loans	**-**	15,750
	-	15,750
Net Exposure	**111,020**	82,023

The other financial instruments of the Group not included in the above table are not subject to cash flow variable interest rate risk.

The Group regularly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, alternative positions and the mix of fixed and variable interest rates. The Group does not use derivative financial instruments to manage its interest rate exposure.

33 Financial instruments (continued)

(b) Financial risk management (continued)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. This analysis is performed on the same basis for 2014.

	2015 $'000	2014 $'000
Impact on post-tax profit:		
+1% (100 basis points)	**777**	574
-1% (100 basis points)	**(777)**	(574)
Impact on equity:		
+1% (100 basis points)	**777**	574
-1% (100 basis points)	**(777)**	(574)

(iii) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions, and represents the potential financial loss if counterparties fail to perform as contracted. The Group also has a policy in place to ensure that surplus cash is invested with financial institutions of appropriate credit worthiness.

The Group manages its credit risk by maintaining strong relationships with a broad range of clients. The Group's trade and other receivables relate mainly to participants in the resources industry. At the balance sheet date, there were six customers which represented 81% (2014: six customers which represented 43%) of the Group's trade receivables.

There were no other significant concentrations of credit risk. During the year, there were no significant changes in the credit terms of any customers. The maximum exposure to credit risk is represented by the carrying amount of financial assets of the Group, excluding investments, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been recognised on the balance sheet.

Receivables balances are monitored on an ongoing basis and impairments have been recognised where the Group has considered customers to be financially constrained and/or in accordance with agreed commercial settlements on completed projects. Through this review the Group limits its exposure to bad debts. For some trade receivables the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

The ageing of the Group's trade receivables at the reporting date was:

	Gross 2015 $'000	**Impairment 2015 $'000**	Gross 2014 $'000	Impairment 2014 $'000
Not past due	**36,487**	**-**	43,850	-
Past due 0-30 days	**10,166**	**-**	14,597	-
Past due 31-60 days	**23,477**	**-**	2,069	-
More than 61 days	**1,795**	**1,473**	11,092	10,020
	71,925	**1,473**	71,608	10,020

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2015 $'000	2014 $'000
Balance at 1 July	**10,020**	7,121
Impairment loss recognised / (reversed)	**225**	5,784
Amounts written off previously provided for	**(10,158)**	(2,441)
Impact of movement in foreign exchange	**1,386**	(444)
Balance at 30 June	**1,473**	10,020

33 Financial instruments (continued)

(b) Financial risk management (continued)

The movement in the allowance for impairment in respect of other receivables during the year was as follows:

	2015 $'000	2014 $'000
Balance at 1 July	**5,064**	5,220
Impairment loss recognised / (reversed)	**(2,371)**	-
Amounts written off previously provided for	**(3,538)**	-
Impact of movement in foreign exchange	**845**	(156)
Balance at 30 June	**-**	5,064

The total impairment allowance held against the Group's trade and other receivables at 30 June 2015 was $1.473 million (2014: $15.084 million).

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group maintains sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet liabilities as they fall due.

The following are the contractual maturities of financial liabilities:

	Carrying Value $'000	Contractual Cash Flows $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000
Year ended 30 June 2015						
Financial liabilities						
Trade and other payables	90,593	90,593	90,593	-	-	-
Lease liabilities	2,185	2,414	662	646	1,106	-
Commercial loans	-	-	-	-	-	-
	92,778	93,007	91,255	646	1,106	-
Year ended 30 June 2014						
Financial liabilities						
Trade and other payables	54,962	54,962	54,962	-	-	-
Lease liabilities	5,660	6,162	3,748	662	1,752	-
Commercial loans	15,750	16,748	4,848	11,900	-	-
	76,372	77,872	63,558	12,562	1,752	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

There were no breaches to the Group's debt covenants during the 2015 financial year (2014: nil).

34 Reconciliation of profit/(loss) to net cash from operating activities

	2015 $'000	2014 $'000
Profit/(loss) for the year	**16,528**	(7,693)
Depreciation and amortisation	**10,445**	16,304
Impairment of property, plant and equipment	**2,326**	-
Impairment of receivables (reversed)/recognised	**(2,146)**	5,784
Employee performance rights	**788**	(73)
Net (gain)/loss on sale of non-current assets	**(103)**	175
Net (gain)/loss on financial assets at fair value through profit or loss	**35**	(23)
Share of (profits)/losses of investments accounted for using the equity method	**(2,596)**	(1,019)
Net unrealised foreign exchange differences	**(1,631)**	(747)
Increase/(decrease) in trade and other payables	**12,730**	12,410
Increase/(decrease) in provisions	**(1,513)**	3,119
Decrease/(increase) in net current tax assets/liabilities	**(1,601)**	3,451
Decrease/(increase) in deferred tax assets	**1,654**	(394)
Decrease/(increase) in trade and other receivables	**(7,085)**	4,998
Decrease/(increase) in work in progress	**16,758**	(27,378)
Decrease/(increase) in inventories	**365**	1,800
Decrease/(increase) in other items	**45**	64
Net cash (outflow) inflow from operating activities	**44,999**	10,778

35 Earnings per share

	2015 Cents	2014 Cents

(a) Basic earnings per share

Basic earnings per share	**7.3**	(3.4)

(b) Diluted earnings per share

Diluted earnings per share	**7.2**	(3.4)

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

	2015 $'000	2014 $'000
Basic earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**16,528**	(7,693)
Diluted earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	**16,528**	(7,693)

35 Earnings per share (continued)

(d) Weighted average number of shares used as the denominator

	2015 Number	2014 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share		
Issued ordinary shares as at 1 July	**227,059,277**	220,368,310
Effect of dividend reinvestment plan	**-**	3,243,918
Weighted average number of ordinary shares as at 30 June	**227,059,277**	223,612,228
Effect of performance rights	**3,220,493**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**230,279,770**	223,612,228

Nil (2014: 4,892,847) performance rights were excluded in the weighted average number of ordinary shares for the diluted earnings per share calculation because they were anti-dilutive.

36 Progress claims in advance

	2015 $'000	2014 $'000
Construction work in progress comprises:		
Contract costs and net profits to date	**359,564**	302,371
Less: Progress billings	**(379,648)**	(305,697)
	(20,084)	(3,326)
Net construction work in progress comprises:		
Amounts due from customers – trade and other receivables (note 10)	**12,806**	6,663
Amounts due to customers – trade and other payables (note 18)	**(32,890)**	(9,989)
	(20,084)	(3,326)

37 Share-based payment arrangements

(a) Employee Share Scheme (equity-settled)

This scheme did not operate for the 2015 or 2014 financial years.

(b) Long Term Incentive (LTI) Plan (equity-settled)

Performance rights were granted to executive and senior management roles for no consideration during the 2015 financial year following the approval of the LTI Plan by shareholders at the Company's Annual General Meeting on 28 November 2012.

Tranche	Performance measurement period	Vesting date	Expected Life(i)	Risk free rate
6	1 July 2014 to 30 June 2017	August 2017(ii)	3.15 years	2.23%

(i) Expected life taken from 1 July 2014.
(ii) Actual vesting date will be the date the financial results are released to the market.

In relation to performance rights issued in previous years, for the remaining tranche the following vesting profile is in place:

Tranche	Performance measurement period	Vesting date	Expected Life(i)	Risk free rate
5	1 July 2013 to 30 June 2016	August 2016(ii)	2.15 years	3.11%

(i) Expected life taken from 1 July 2014.
(ii) Actual vesting date will be the date the financial results are released to the market.

37 Share-based payment arrangements (continued)

(b) Long Term Incentive ("LTI") Plan (equity-settled) (continued)

The performance rights are issued to employees for no consideration and are subject to the employee's continuing employment and lapse upon resignation, redundancy or termination (unless certain circumstances such as death or disability where vesting is at the discretion of the Board) or failure to achieve the specified performance vesting condition. The performance rights will immediately vest and become exercisable if in the Board's opinion a vesting event occurs (as defined in the plan rules) such as a takeover bid or winding up of the Company. If the performance rights vest and are exercised the employee receives ordinary shares of the Company for no consideration.

The performance vesting condition for performance rights issued is relative to Total Shareholder Return ("TSR"). At the end of each tranche's performance measurement period, the Board will rank the Company's TSR against a peer group that currently comprises 15 other companies for Tranche 3 and 19 other companies for Tranches 5 and 6 considered by the Board to be peers or competitors of the Company.

The percentage of performance rights in each respective tranche that will vest and become exercisable will depend upon the Company's TSR performance relative to the companies in the peer group (as determined by the Board) as set out in the table below:

Sedgman TSR ranking (at end of performance measurement period)	Percentage of performance rights in relevant tranche that vest
1-5	100%
6	90%
7	80%
8	70%
9	60%
10	50%
11-20	0%

With respect of Tranche 3, the original peer group included 20 companies, including Sedgman Limited. The peer group now comprises 16 companies, as 4 companies were removed from the official list of ASX Limited. These included the following companies:

NRW Holdings Limited; WDS Limited; RCR Tomlinson Ltd; Lycopodium Limited; Ausenco Limited; Monadelphous Group Limited; Mineral Resources Limited; Cardno Limited; Austin Engineering Ltd; Boart Longyear Limited; Worley Parsons Ltd; Downer EDI Limited; MacMahon Holdings Limited; Leighton Holdings Limited; and AJ Lucas Group Limited.

With respect to performance rights granted under Tranches 5 and 6 the peer group includes the following 20 companies:

NRW Holdings Limited; WDS Limited; RCR Tomlinson Ltd; Lycopodium Limited; Ausenco Limited; Monadelphous Group Limited; Mineral Resources Limited; Cardno Limited; Worley Parsons Limited; Downer EDI Limited; MacMahon Holdings Limited; Leighton Holdings Limited; Coffey International Limited; Decmil Group Limited; GR Engineering Services Limited; Calibre Group Holdings Limited; MACA Limited; UGL Limited and Southern Cross Electrical Engineering Limited.

The Board have also nominated an additional five suitable replacement companies ("the reserve group"). Where a company in the peer group is delisted, merges or ceases to be suitable for comparative purposes, it will, subject to the Board's discretion, be replaced by a company from the reserve group. The peer group and reserve group may be varied from time to time by the Board in its absolute discretion. During the 2014 financial year Clough Limited and Forge Group Limited were delisted and replaced with UGL Limited and Southern Cross Electrical Engineering Limited respectively. In addition, one of the reserve group companies, Norfolk Group Limited, was taken over by RCR Tomlinson Ltd. The remaining reserve group comprises:

VDM Group Limited and Resource Development Group Limited.

37 Share-based payment arrangements (continued)

(b) Long Term Incentive ("LTI") Plan (equity-settled) (continued)

The fair value of services received in return for performance rights granted is based on the fair value of the rights granted measured using a Monte Carlo model. A summary of performance rights granted to Executives and other participants inputs used to determine the fair value of performance rights granted are as follows:

2015									
Grant Date	**Fair value at grant date**	**Share price at date of grant**	**Expected volatility(i)**	**Dividend yield**	**Balance at start of the year Number**	**Granted during the year Number**	**Forfeited during the year Number**	**Vested and exercised during the year Number**	**Balance at the end of year Number(ii)**
Tranche 3									
22 Feb 10	$0.830	$1.410	50%	4.96%	777,957	-	(777,957)	-	-
28 Jul 10	$0.952	$1.550	45%	4.19%	250,000	-	(250,000)	-	-
24 Nov 10	$1.285	$1.980	45%	3.29%	250,000	-	(250,000)	-	-
01 Jan 11	$1.480	$2.280	45%	2.85%	25,000	-	(25,000)	-	-
27 Oct 11	$1.239	$1.945	45%	3.34%	40,476	-	(40,476)	-	-
28 Oct 11	$1.290	$1.970	45%	3.30%	61,902	-	(61,902)	-	-
31 Oct 11	$1.284	$1.960	45%	3.32%	309,512	-	(309,512)	-	-
					1,714,847	-	(1,714,847)	-	-
Tranche 5									
21 Nov 13	$0.425	$0.670	55%	4.50%	3,178,000	-	(442,000)	-	2,736,000
					3,178,000	-	(442,000)	-	2,736,000
Tranche 6									
18 Dec 14	$0.428	$0.580	50%	5.50%	-	3,898,000	-	-	3,898,000
					-	3,898,000	-	-	3,898,000
Total					**4,892,847**	**3,898,000**	**(2,156,847)**	**-**	**6,634,000**

(i) Volatility has been determined by an independent expert reviewing Sedgman's share price volatility over the last four years from grant date with respect to moving average periods of 90 days, 120 days, 1 year, 2 years and 3 years.

(ii) No performance rights were exercisable at 30 June 2015.

37 Share-based payment arrangements (continued)

(b) Long Term Incentive ("LTI") Plan (equity-settled) (continued)

2014									
Grant Date	**Fair value at grant date**	**Share price at date of grant**	**Expected volatility(i)**	**Dividend yield**	**Balance at start of the year Number**	**Granted during the year Number**	**Forfeited during the year Number**	**Vested and exercised during the year Number**	**Balance at the end of year Number(ii)**
Tranche 2									
22 Feb 10	$0.860	$1.410	50%	4.96%	865,517	-	(865,517)	-	-
28 Jul 10	$1.018	$1.550	45%	4.19%	250,000	-	(250,000)	-	-
24 Nov 10	$1.394	$1.980	45%	3.29%	250,000	-	(250,000)	-	-
01 Jan 11	$1.665	$2.280	45%	2.85%	25,000	-	(25,000)	-	-
27 Oct 11	$1.356	$1.945	45%	3.34%	57,580	-	(57,580)	-	-
28 Oct 11	$1.429	$1.970	45%	3.30%	81,451	-	(81,451)	-	-
31 Oct 11	$1.437	$1.960	45%	3.32%	378,746	-	(378,746)	-	-
28 Nov 11	$1.525	$2.000	45%	3.25%	1,000,000	-	(1,000,000)	-	-
1 Dec 11	$1.490	$2.000	45%	3.25%	-	-	-	-	-
16 Mar 12	$1.569	$2.310	45%	2.81%	40,725	-	(40,725)	-	-
					2,949,019	-	(2,949,019)	-	-
Tranche 3									
22 Feb 10	$0.830	$1.410	50%	4.96%	835,991	-	(58,034)	-	777,957
28 Jul 10	$0.952	$1.550	45%	4.19%	250,000	-	-	-	250,000
24 Nov 10	$1.285	$1.980	45%	3.29%	250,000	-	-	-	250,000
01 Jan 11	$1.480	$2.280	45%	2.85%	25,000	-	-	-	25,000
27 Oct 11	$1.239	$1.945	45%	3.34%	55,951	-	(15,475)	-	40,476
28 Oct 11	$1.290	$1.970	45%	3.30%	77,378	-	(15,476)	-	61,902
31 Oct 11	$1.284	$1.960	45%	3.32%	359,808	-	(50,296)	-	309,512
28 Nov 11	$1.364	$2.000	45%	3.25%	1,000,000	-	(1,000,000)	-	-
1 Dec 11	$1.336	$2.000	45%	3.25%	-	-	-	-	-
16 Mar 12	$1.514	$2.310	45%	2.81%	38,689	-	(38,689)	-	-
					2,892,817	-	(1,177,970)	-	1,714,847
Tranche 5									
21 Nov 13	$0.425	$0.670	55%	4.50%	-	4,458,000	(1,280,000)	-	3,178,000
					-	4,458,000	(1,280,000)	-	3,178,000
Total					**5,841,836**	**4,458,000**	**(5,406,989)**	**-**	**4,892,847**

(i) Volatility has been determined by an independent expert reviewing Sedgman's share price volatility over the last four years from grant date with respect to moving average periods of 90 days, 120 days, 1 year, 2 years and 3 years.
(ii) No performance rights were exercisable at 30 June 2014.

(c) Long Term Incentive ("LTI") Plan (cash-settled)

Cash-settled performance rights are governed by the LTI Plan, consistent with the equity-settled performance rights. However at the date of settlement participants receive cash equal to the value of the shares they would have been entitled to assuming all terms and conditions are met.

37 Share-based payment arrangements (continued)

(c) Long Term Incentive ("LTI") Plan (cash-settled) (continued)

A summary of the movement in cash-settled performance rights for executives and other participants are as follows:

Tranche	Fair value at modification / grant date	Share price at date of modification / grant date	Expected volatility(i)	Dividend yield	Balance at start of the year Number	Granted during the year Number	Forfeited during the year Number	Vested during the year Number	Balance at the end of year Number(ii)
2015									
Tranche 3	$0.539	$1.390	45%	4.68%	250,000	-	(250,000)	-	-
Tranche 5	$0.425	$0.670	55%	4.50%	538,000	-	(538,000)	-	-
Tranche 6	$0.428	$0.580	50%	5.50%	-	187,000	(187,000)	-	-
Total					**788,000**	**187,000**	**(975,000)**	**-**	**-**

(i) Volatility has been determined by an independent expert reviewing Sedgman's share price volatility over the last four years from the last reporting period with respect to moving average periods of 90 days, 120 days, 1 year, 2 years and 3 years.
(ii) No performance rights were exercisable at 30 June 2015.

Tranche	Fair value at modification / grant date	Share price at date of modification / grant date	Expected volatility(i)	Dividend yield	Balance at start of the year Number	Granted during the year Number	Forfeited during the year Number	Vested during the year Number	Balance at the end of year Number(ii)
2014									
Tranche 2	$0.527	$1.39	45%	4.68%	250,000	-	(250,000)	-	-
Tranche 3	$0.539	$1.39	45%	4.68%	250,000	-	-	-	250,000
Tranche 5	$0.425	$0.67	55%	4.50%	-	538,000	-	-	538,000
Total					**500,000**	**538,000**	**(250,000)**	**-**	**788,000**

(i) Volatility has been determined by an independent expert reviewing Sedgman's share price volatility over the last four years from the last reporting period with respect to moving average periods of 90 days, 120 days, 1 year, 2 years and 3 years.
(ii) No performance rights were exercisable at 30 June 2014.

The fair value of these rights is measured using a Monte Carlo pricing model taking into account the terms and conditions upon which the rights were granted and the current likelihood of achieving the specified targets.

The carrying amount of the liability relating to cash-settled performance rights as at 30 June 2015 is nil (2014: $30,084).

(d) Expenses recognised in profit or loss

During the year ended 30 June 2015, an expense of $0.756 million (2014: credit to expense of $0.048 million) was recognised by the Group in respect of the LTI Plan, including both an equity-settled performance rights expense of $0.788 million (2014: credit to expense of $0.079 million) and a credit to cash-settled performance rights expense of $0.032 million (2014: expense of $0.031 million).

The prior year equity-settled amount was impacted by the forfeiture of rights by the former CEO.

38 Parent entity financial information

The Group has applied amendments to the *Corporations Act 2001* that remove the requirement for the Group to lodge parent entity financial statements. The financial information for the parent entity, Sedgman Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the financial statements of Sedgman Limited.

(a) Summary financial information

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

	2015 $'000	2014 $'000
Result of the parent entity		
Profit/(loss) for the year	**16,252**	5,663
Other comprehensive income	**(176)**	14
Total comprehensive income for the year	**16,076**	5,677

	2015 $'000	2014 $'000
Balance sheet of parent at year end		
Current assets	**185,728**	154,466
Total assets	**320,947**	304,467
Current liabilities	**105,012**	84,434
Total liabilities	**127,366**	115,278
Equity		
Contributed equity	**116,212**	116,212
Reserves	**11,679**	11,052
Retained profits	**65,690**	61,925
Total equity	**193,581**	189,189

Bank guarantees and performance bonds have been given in respect of work in progress contracts and leased premises of the parent amounting to $35.466 million (2014: $32.162 million).

The parent entity did not have any other contingent liabilities as at 30 June 2015 or 30 June 2014.

(b) Guarantees entered into by the parent entity

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. No liability was recognised by the parent entity in relation to this guarantee.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed, are disclosed in note 31.

38 Parent entity financial information (continued)

(c) Commitments

(i) Capital commitments

Capital commitments contracted for at the reporting date but not recognised as liabilities.

	2015 $'000	2014 $'000
Property, plant and equipment	**2,651**	-

(ii) Operating leases

	2015 $'000	2014 $'000
Non-cancellable		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**3,845**	5,522
Later than one year but not later than five years	**9,186**	8,416
	13,031	13,938

The Group leases buildings under operating leases expiring within the next 4.5 years (2014: 2.5 years). The leases involve lease payments comprising a base amount plus an incremental contingent rental. Contingent rentals are based on Fixed Increase Percentages.

In the prior year an onerous contract, as defined in note 42(q), relating to surplus lease space was recognised in other expenses increasing costs by $3.666 million. There was no similar provision recognised in the current financial year.

Taking into account the unwind of the onerous contract in the current year of $2.324 million, the net operating lease rental expense recognised in the year ended 30 June 2015 was $1.890 million (2014: $7.964 million including the onerous contract of $3.666 million).

(iii) Finance leases	2015 $'000	2014 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**470**	3,538
Later than one year but not later than five years	**1,577**	2,047
Minimum lease payments	**2,047**	5,585
Less: Future finance charges	**(202)**	(441)
Total lease liabilities	**1,845**	5,144
Representing lease liabilities:		
Current	**1,845**	5,144
Non-current	**-**	-
	1,845	5,144

The Group leases plant and equipment under finance leases expiring within three years (2014: four years). At the end of the lease term, the Group has the option to purchase the equipment at the residual prices set in the lease.

Due to the financing leases with ANZ and NAB being under annual revolving facilities, all outstanding commitments on these leases are classified as a current liability.

39 Events occurring after the balance sheet date

Other than the dividends declared subsequent to year end (refer note 25), there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

40 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for liabilities for cash-settled share-based payments (refer to note 42(r)); and financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss (refer to note 42(k)).

41 Changes in accounting policy / new and amended accounting standards

No new accounting policies and/or application of new and amended accounting standards have had a material impact on these consolidated financial statements.

42 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations.

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (refer note 42(f)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (refer note 42(k)).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest ("NCI") and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in an associate and a joint venture**.**

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity accounted investees, until the date on which significant influence or joint control ceases.

42 Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Interests in joint operations

A joint operation exists when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group recognises the assets, liabilities, expenses and income in respect of its interest in the joint operation. The Group's interests in joint operations comprise interests in the Thiess Sedgman Joint Venture ("TSJV") and the Thiess Sedgman Projects Joint Venture ("TSPJV").

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency translation

(i) Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)
- all resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity, except to the extent that the translation differences are allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are accumulated in the FCTR.

42 Summary of significant accounting policies (continued)

(c) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Rendering of services other than construction contracts
Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax ("GST") payable to the taxation authority.

Revenue from design and project management services is recognised in the period in which the service is provided, having regard to the stage of completion of the contract. The stage of completion is assessed by reference to an assessment of work performed.

Where the outcome of a contract cannot be reliably estimated, contract costs are expensed as incurred. Where it is probable that the costs will be recovered, revenue is only recognisable to the extent of costs incurred. An expected loss is recognised immediately as an expense.

The Group also generates revenue from the secondment of employees to the TSJV and TSPJV at agreed charge-out rates.

(ii) Construction contracting
Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

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 costs over 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 management is satisfied that the costs will be recovered, revenue is recognised to the extent of costs incurred.

The stage of completion of a contract is measured by reference to an assessment of total costs incurred to date as a percentage of the estimated total costs of the contract.

(iii) Interest income
Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

(iv) Dividend income
Dividend income is recognised as it accrues.

(v) Other income
All items of other income are recognised as they accrue.

(d) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

42 Summary of significant accounting policies (continued)

(d) Income tax (continued)

(ii) Deferred tax

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; differences relating to investments in subsidiaries, associates and joint arrangements to the extent that they will probably not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(iii) Tax consolidation legislation

The Company is the head entity in a tax-consolidated group comprising the Company and all of its Australian wholly owned subsidiaries. As a consequence, all members of the tax-consolidated group are taxed as a single entity.

The members of the tax-consolidated group have entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payment to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity. The members of the tax-consolidated group have also entered into a valid Tax Sharing Agreement under the tax consolidation legislation which sets out the allocation of income tax liabilities between the entities should the head entity default on its payment obligations and the treatment of entities leaving the tax-consolidated group.

(e) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases (refer note 15). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities (refer notes 19 and 21). Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (refer note 28). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

42 Summary of significant accounting policies (continued)

(f) Impairment of assets

The carrying amounts of the Group's non-current assets, trade and other receivables (refer note 42(h)), construction contract assets (refer note 42(u)), assets classified as held for sale (refer note 42(j)), financial assets at fair value through comprehensive income (refer note 42(k)) and financial assets at fair value through profit or loss (refer note 42(k)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit - "CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised within expenses in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (group of CGUs), and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro-rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Recoverable amount of assets

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Receivables are individually assessed for impairment.

The recoverable amount of other assets or CGUs is the greater of their fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts are shown within interest bearing liabilities in current liabilities in the balance sheet. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

42 Summary of significant accounting policies (continued)

(h) Trade and other receivables

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

Trade and other receivables are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

A provision for impaired receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables (refer note 42(f)). The amount of the impairment loss is recognised in profit or loss in expenses.

(i) Inventories

Inventories of spare parts and consumables are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(j) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of derecognition.

Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are presented separately from other assets in the balance sheet.

(k) Financial instruments

(i) Recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(ii) Measurement

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Group classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

42 Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

(iii) Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost, using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

(iv) Financial assets measured at fair value

These assets are measured at fair value and changes therein, including any interest or dividend income, are recognised as other income or other expenses in profit or loss. These assets are classified as financial assets at fair value through profit or loss.

However, for investments in equity instruments that are not held for trading, the Group may elect at initial recognition to present gains and losses in other comprehensive income ("OCI"). For such investments measured at fair value through OCI, gains and losses are never reclassified to profit or loss, and no impairment is recognised in profit or loss. Dividends earned from such investments are recognised in profit or loss, unless the dividend clearly represents a repayment of part of the cost of the investment.

(v) Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment (including land and buildings) are stated at cost less accumulated depreciation (see below) and impairment losses (refer note 42(f)). The cost of self-constructed assets and acquired assets includes (i) the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use, (ii) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (iii) changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

(iii) Depreciation

Depreciation is generally calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The estimated useful lives in the current and comparative periods are as follows:

- Buildings	50 years
- Plant and equipment	2.5 – 10 years
- Motor vehicles	3 – 7 years
- Structural improvements	7 – 40 years
- Leased plant and equipment	3 – 10 years

42 Summary of significant accounting policies (continued)

(l) Property, plant and equipment (continued)

In respect of some plant and equipment, where the total operating hours reflect the useful life of an asset, a production unit approach to depreciation is adopted. An estimate of total operating hours for plant and equipment is determined, with depreciation based on the operating hours undertaken in each financial year. The estimated useful lives in the current and comparative periods are as follows:

- Plant and equipment	cumulative number of hours up to 10 years

Assets are depreciated from the date they are installed and ready for use, which is generally the date of acquisition.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Sale of non-current assets
The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs). The gain or loss is recognised as income or an expense.

(m) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired (refer note 42(f)), and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Software development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

(iii) Amortisation
Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Software	5 years

The amortisation period remaining for Enterprise Resource Planning software is one year and for other software is three years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

42 Summary of significant accounting policies (continued)

(n) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(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 profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(p) Finance costs

Finance costs include interest on borrowings using the effective interest method, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and unwinding of the discount on liabilities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(q) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the future expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the effect of discounting is recognised as a finance cost.

(i) Dismantling
In accordance with the Group's applicable legal requirements, a provision for dismantling in respect of the Blair Athol CHPP is recognised.

The provision is the best estimate of the present value of the expenditure required to settle the dismantling obligation at the reporting date, based on current legal requirements and technology. Future dismantling costs are reviewed annually and any changes are reflected in the present value of the dismantling provision at the end of the reporting period.

(ii) Provision for make good
A provision for make good has been recognised in relation to the Group's legal obligation at the end of the occupancy lease for the head office premises.

(iii) Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract. During the prior year an onerous contract provision was recognised in relation to surplus property lease space held for $3.666 million. No further provisions were required to be made in the current financial year.

(r) Employee benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of reporting date represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as superannuation, workers compensation insurance and payroll tax. In instances where payment is not due within 12 months from the reporting date the obligation is calculated using expected future increases in wages and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to high quality corporate bonds (2014: Commonwealth Government bonds) at the balance sheet date which have maturity dates approximating to the terms of the Group's obligations.

42 Summary of significant accounting policies (continued)

(r) Employee benefits (continued)

Non-accumulating non-monetary benefits such as housing and cars are expensed by the Group as the benefits are taken by the employee.

(ii) Long service leave
The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wages and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to high quality corporate bonds (2014: Commonwealth Government bonds) at the balance sheet date which have maturity dates approximating to the terms of the Group's obligations.

(iii) Share-based payments
Share-based compensation benefits are provided to employees via a long term incentive plan.

- *Equity-settled*

The fair value of performance rights granted is recognised as an employee benefit 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 performance rights.

The fair value of performance rights at grant date is independently determined using the Monte Carlo pricing model, which takes into account the terms and conditions upon which the performance rights were granted.

The amount recognised as an expense is adjusted to reflect the actual number of performance rights that vest except where forfeiture is only due to market based performance criteria not achieving the threshold for vesting.

- *Cash-settled*

The cost of cash-settled share-based transactions is measured at fair value at the grant date using a Monte Carlo pricing model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee expense.

- *Modification to plan terms*

When the terms of equity-settled performance rights are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the plan are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

(iv) Bonus plan
The Group recognises a liability for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a liability where it is contractually obliged to pay an amount under the bonus plan or where there is a past practice that has created a constructive obligation.

(v) Superannuation
Contributions to defined contribution plans are recognised as an expense as the related service is provided.

(vi) Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

42 Summary of significant accounting policies (continued)

(s) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or performance rights are shown in equity as a deduction, net of tax from the proceeds. Incremental costs directly attributable to the issue of new shares, options or rights for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Where any Group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Sedgman Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the owners of Sedgman Limited.

(t) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(u) Construction work in progress

Valuation
Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date.

Construction work in progress is carried at cost plus profit recognised to date based on the value of work completed less progress billings and less provision for foreseeable losses, allocated between amounts due from customers and amounts due to customers.

Cost includes both variable and fixed costs directly related to specific contracts, and those which can be attributed to contract activity in general and which can be allocated to specific contracts on a reasonable basis and other costs specifically chargeable under the contract.

Construction work in progress is presented as part of trade and other receivables in the balance sheet for all contracts in which costs incurred plus recognised profits exceed progress billings. Where progress billings exceed cost plus profit recognised to date the net amount is presented in trade and other payables.

(v) Dividends

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

43 New standards and interpretations not yet adopted

The following new and amended standards have been identified as those which may impact the Group in the period of initial application. They are available for early adoption at 30 June 2015, but have not been applied in preparing these consolidated financial statements:

- AASB 115 *Revenue from Contracts with Customers* and AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 115.* AASB 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised (effective from 1 January 2017). It replaces existing revenue recognition guidance, including AASB 118 *Revenue* and AASB 111 *Construction Contracts.*
- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (December 2013) – Part C – Financial Instruments* (effective from 1 January 2018). This amendment introduces a new hedge accounting model to simplify hedge accounting requirements and more closely align hedge accounting with risk management activities. It also includes additional scope for components of general hedge accounting.
- AASB 9 *Financial Instruments* (December 2014), AASB 2014-1 *Amendments to Australian Accounting Standards Part E – Financial Instruments*, AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* (effective 1 January 2018) and AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2104) – Application of AASB 9 December (2009) and AASB 9 (December 2010)* (effective 1 January 2015). The new AASB 9 *Financial Instruments* includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment.
- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations* (effective 1 January 2016). This amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in a joint operation where the operation constitutes a business.
- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation* (effective 1 January 2016). This amendment amends AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets* to provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.
- AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements* (effective 1 January 2016). This amendment amends AASB 127 *Separate Financial Statements*, to allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

    - at cost,
    - in accordance with AASB 9 *Financial Instruments*, or
    - using the equity method as described in AASB 128 *Investments in Associates and Joint Ventures.*

    The accounting policy option must be applied for each category of investment.
- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective 1 January 2016). The amendments require the full gain or loss to be recognised when the assets transferred meet the definition of a "business" under AASB 3 *Business Combinations* (whether housed in a subsidiary or not).
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle* (effective 1 January 2016). This amendment amends a number of pronouncements as a result of the IASB's 2012-2014 annual improvements cycle. Key amendments include:

    - AASB 5 – Change in methods of disposal;
    - AASB 7 – Servicing contracts and applicability of the amendments to AASB 7 to condensed interim financial statements;
    - AASB 119 – Discount rate: regional market issue; and
    - AASB 134 – Disclosure of information "elsewhere in the interim financial report".
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* (effective 1 January 2016). Amends AASB 101 *Presentation of Financial Statements* to provide clarification regarding the disclosure requirements in AASB 101. It includes narrow-focus amendments to address concerns about existing presentation and disclosure requirements and to ensure entities are able to use judgements when applying a Standard in determining what information to disclose in financial statements.
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* (effective 1 July 2015). This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.

The potential effects on the adoption of the above new and amended standards are yet to be determined by the Group.

1. In the opinion of the directors of Sedgman Limited (the "Company"):

   (a) The consolidated financial statements and notes that are set out on pages 28 to 77 and the Remuneration report in section 14 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

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

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the group entities identified in Note 31 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.

4. The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

Robert John McDonald
Chairman

Peter Richard Watson
Managing Director

Brisbane
26 August 2015

Independent auditor's report to the members of Sedgman Limited

Report on the financial report

We have audited the accompanying financial report of Sedgman Limited (the Company), which comprises the consolidated balance sheet as at 30 June 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 43 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group 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 and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the presentation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Independent auditor's report to the members of Sedgman Limited (continued)

Report on the remuneration report

We have audited the Remuneration report included in section 14 of 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Sedgman Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Scott Guse

Scott Guse
Partner

Brisbane
26 August 2015