ANNUAL REPORT 2015

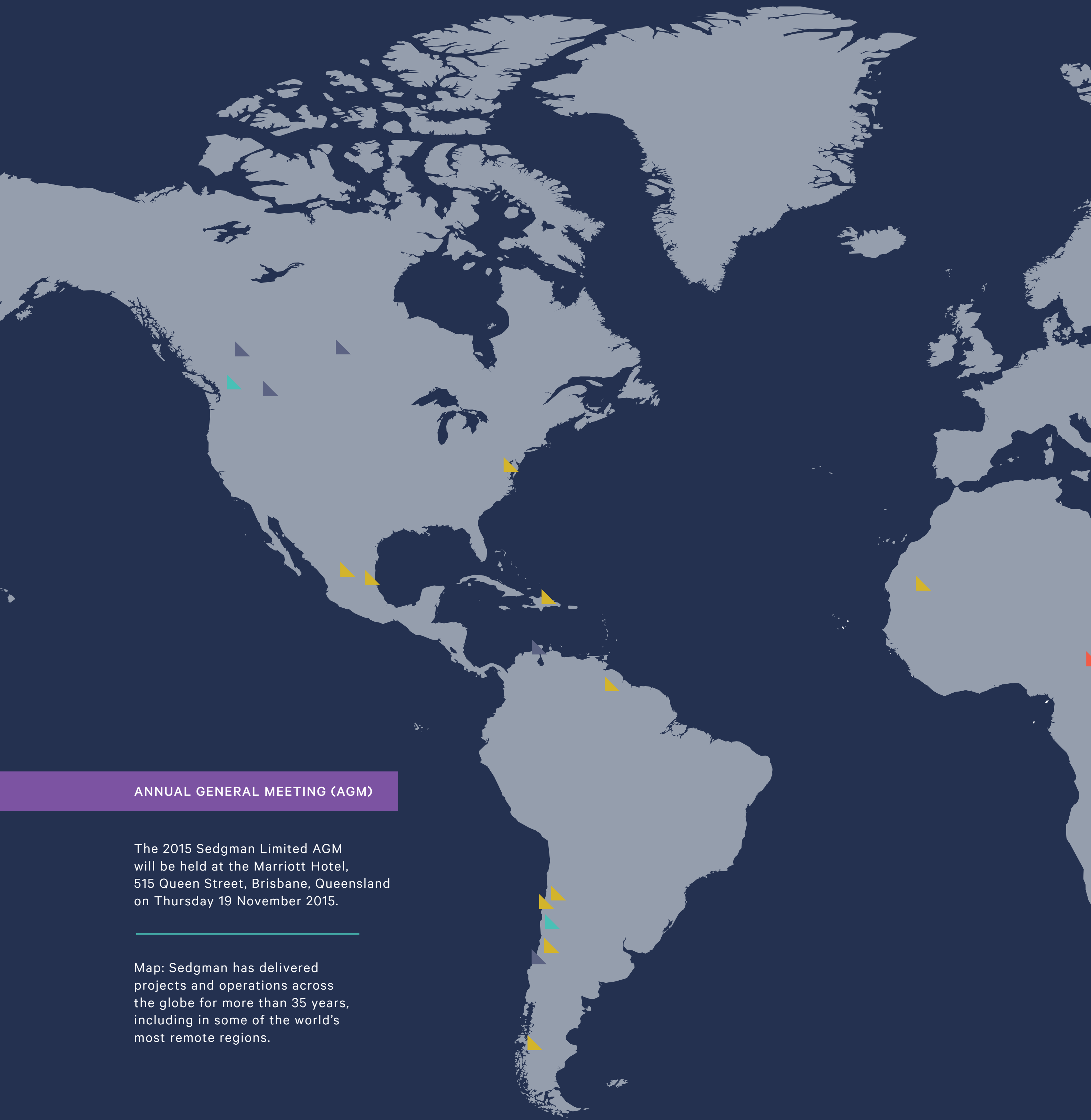
Sustained Earnings Through Performance

SEDGMAN Create Build Operate

Global Minerals

Global Minerals

OFFICES
METALS & MINERALS
COAL
IRON ORE
INFRASTRUCTURE



ANNUAL GENERAL MEETING (AGM)

The 2015 Sedgman Limited AGM will be held at the Marriott Hotel, 515 Queen Street, Brisbane, Queensland on Thursday 19 November 2015.

Map: Sedgman has delivered projects and operations across the globe for more than 35 years, including in some of the world's most remote regions.

Contents

Chairman's Message

Our Net Profit After Tax (NPAT) for FY 2015 is a solid performance and testament of a sound strategy in difficult market conditions, which have beset many service providers to the minerals sector. By remaining focused on efficiently delivering solutions to our clients, Sedgman will continue to perform in the near term and beyond.

I am indeed fortunate to present my first Chairman's message at a time of a strong recovery in our earnings, accompanied by a solid share price appreciation and a lift in dividends.

I pay tribute to the Sedgman team who delivered the turnaround performance that we mapped out last year.

For the 2015 fiscal year, Sedgman's reported NPAT was $16.5 million, compared with a loss in the previous year.

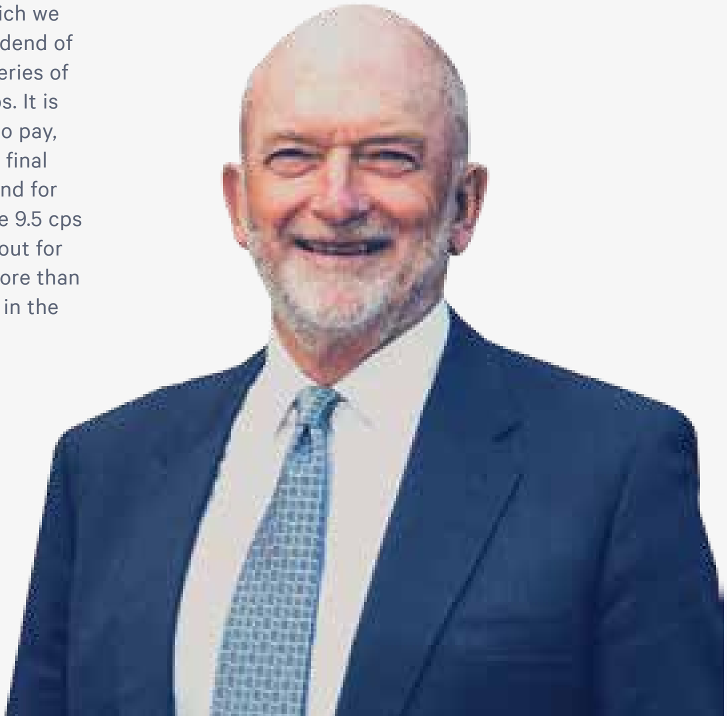
During the 2015 fiscal year, on the basis of our share price appreciation and dividend payouts, we were the best performer of a group of 20 peer mining services companies against whom we compare ourselves, on a Total Shareholder Return measure.

Confidence in the turnaround enabled the Board to announce during the year an enhanced dividend plan. The 100% payout ratio, together with a series of special dividends (all fully franked), means that we are delivering to our shareholders a very attractive yield, particularly at a time of unusually low interest rates and heightened market volatility.

During the 2015 fiscal year we paid out a 3.5 cents per share (cps) interim dividend, which we backed up with a final dividend of 3.8 cps and the first of a series of special dividends of 2.2 cps. It is our intention to continue to pay, along with the interim and final dividends, a special dividend for the foreseeable future. The 9.5 cps fully franked dividend payout for the 2015 fiscal year was more than double our 4 cps dividend in the previous year.

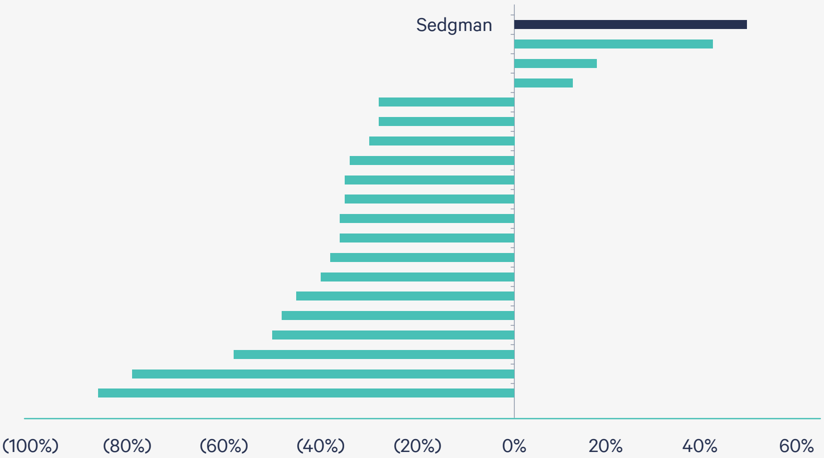
This year is the 10th year since the company's listing in 2006. Over that period we have experienced many swings and roundabouts, including the China-fired boom in demand for minerals, the impact of the Global Financial Crisis and, more recently, the downturn in new project development and the incessant focus on productivity enhancements, just to name a few. Each has created their own issues and opportunities.

Robert McDonald
Chairman, Independent Director



Strategy

FY 2015 Total Shareholder Return Performance vs Peer Group[i]



With our able and flexible management team, supported by a sound and focused strategy and a strong debt-free balance sheet, I am confident that Sedgman will continue to prosper.

(i) SEE NOTE 14.7.2 OF THE DIRECTORS' REPORT FOR PEER GROUP

We will continue to experience industry fluctuations; that is the nature of our industry. However, with our able and flexible management team, supported by a sound and focused strategy and a strong debt-free balance sheet, I am confident that Sedgman will continue to prosper and deliver shareholder value. We are entering the 2016 fiscal year with a healthy contracted order book of $0.5 billion, some 30% stronger than the same time last year. Already we have secured a major additional contract and we have good prospects of winning further quality business.

This year we celebrated the 35th work anniversary of two members of the Sedgman team. I would like to recognise Tom Meakin and Russ Kempnich, both of whom continue to guide the Company with dedication and enthusiasm. These two men are to a large measure the reason for the positive corporate culture that pervades every Sedgman location, whether the office is in Perth or Santiago, or whether the workplace be Groote Eylandt or the middle of Guyana.

The Sedgman Board is responsible for and committed to maintaining the highest standards of Corporate Governance. Our Corporate Governance Statement can be found on our website, and I encourage shareholders to read it. To ensure that your Board maintains the appropriate blend of diversity, skills and independence, the Board renewal process that we instigated last year continues. Joining the Board last February were Philippe Etienne and Bart Vogel. Both Directors bring a broad range of experience and business acumen to complement our Board, gained in various high-level roles and industries.

Again, I would like to acknowledge the great work of the Sedgman team, led by Peter Watson, the Company's CEO I Managing Director. Peter was appointed to the role in mid-2014 and already he has put his own positive stamp on the organisation.

I look forward to addressing shareholders at our Annual General Meeting on Thursday 19 November 2015.

CEO | Managing Director's Report

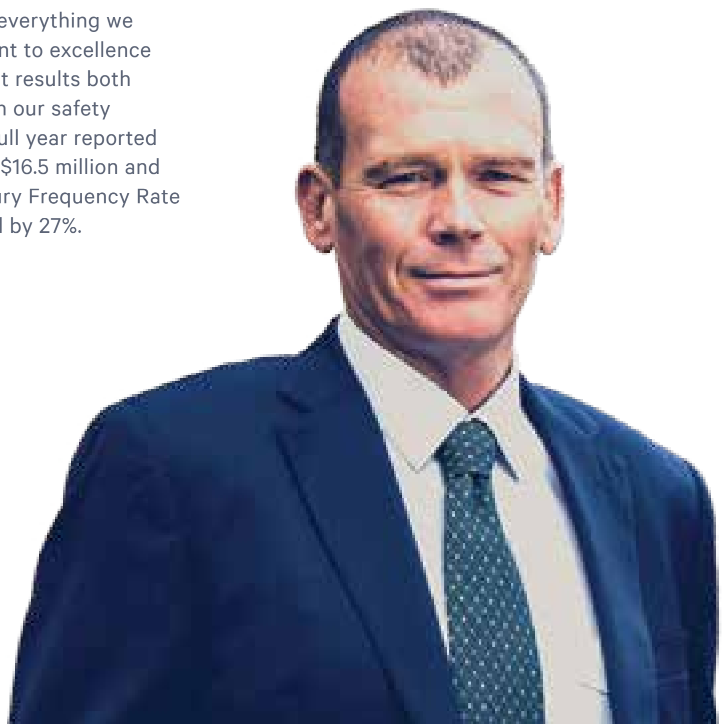
Your Company has achieved a strong and sustainable return to profitability, despite continued challenging market conditions.

A Strong Year

Our performance has been the outcome of improvements made across every aspect of the organisation – with our Projects and Operations businesses and our functional support team each making a significant contribution to achieve a fantastic result.

Our consolidated structure has enabled the Company to collaborate globally and across all project locations, resulting in increased efficiency in project delivery and providing cost benefits. Our Operations team delivered an outstanding result, achieving industry-leading facility performance in areas including run-hours and process efficiency. Our functional support teams have optimised systems and processes to improve internal service delivery and reduce fixed costs – overall Company overheads were reduced by 18%.

Our success is a credit to our people. Over the past year we have been focused on developing a high-performance culture and delivering value in everything we do. This commitment to excellence has generated great results both commercially and in our safety performance. Our full year reported NPAT increased to $16.5 million and our Recordable Injury Frequency Rate (RIFR) was reduced by 27%.



Highlights

315%

Increase in Net Profit After Tax (reported)

315%

Increase in reported earnings per share

10%

Increase in combined sales revenue

18%

Decrease in overhead & support costs

109M (i)

Net cash position at year end

318%

Increase in net cash from operating activities

125M

Awarded $125 million in extensions to Operations contracts

292M

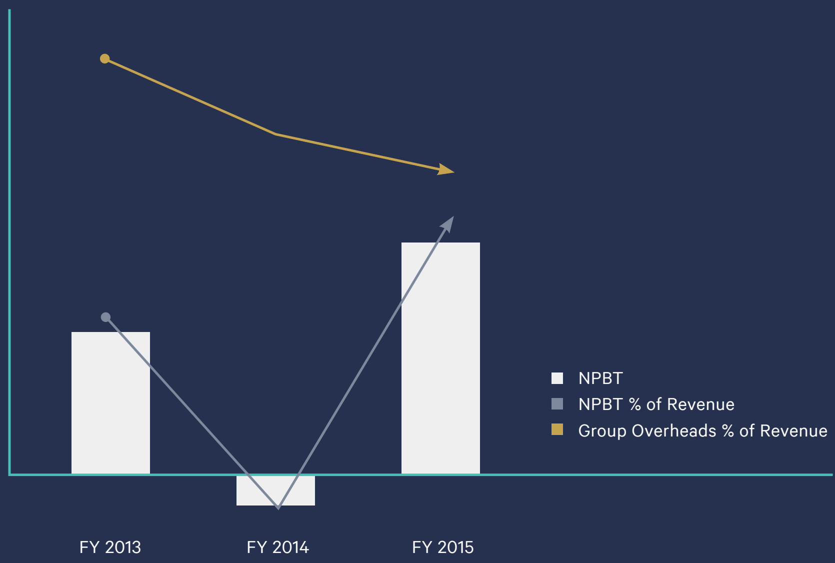
Awarded $292 million in Projects contracts

(i) THIS REPORT INCLUDES NON-STATUTORY ITEMS WHICH HAVE NOT BEEN AUDITED OR REVIEWED. FOR RECONCILIATIONS OF THESE ITEMS TO THE RELEVANT STATUTORY ITEMS WITHIN THE FINANCIAL STATEMENTS, REFER TO SECTION 3.7. OF THE DIRECTORS' REPORT.

CORE STRENGTHS & FINANCIAL RESULTS

Our Strengths

NPBT & Group Overheads as % of Revenue



FY 2015 Review

The FY 2015 full-year results represent the third consecutive half year of strong profitability and delivery of sustained earnings through improved business performance. Highlights include:

- Project contracts totalling $292 million awarded – a result of the continued delivery of first-class solutions and value for our clients.
- Extensions to Operations contracts totalling $125 million awarded – with production targets exceeded at all Operations sites.
- Margins improved in our Operations business due to a focus on cost control and consistent improvement in performance.
- Expansion of our Operations Consulting initiative, which identifies value improvement opportunities for our clients. These improvement initiatives can then be implemented through our core Operations capability.
- Retaining our strong cash position and balance sheet, increasing our credibility and creating greater opportunities for new work.
- Rewarding our shareholders with a strong final dividend and a special dividend, both fully franked.

Our diversification strategy continues to deliver positive results. For the first time in Sedgman's 36 year history 60% of our near-term opportunities are in non-coal commodities and 60% are outside of Australia. We are pursuing Global Minerals across the breadth of our commodity portfolio, which includes precious metals, base metals, coal, iron ore and industrial minerals. Our diversification and the expansion of our expertise across commodities and regions will be key drivers for our sustainable growth.

Additional positive results that have positioned Sedgman to capitalise on future opportunities include:

- Embedding our "sector / services" structure. This has streamlined the business and delivered efficiencies and cost benefits. It also maintains key technical capabilities and core services in each region while consolidating engineering and functional support.
- Greater clarity and focus on our Strategy: This ensures we can differentiate our services and deliver value in everything that we do.
- Strengthening our culture with our refreshed vision and values. These guide and underpin our behaviour.

Results

	FY 2015	FY 2014
Combined sales revenue[iii]	$390.4m	$355.9m
Underlying EBITDA[i]	$36.8m	$19.1m
Underlying EBITDA margin[ii]	9.4%	5.4%
Underlying EBIT[iii]	$26.3m	$3.0m
Underlying EBIT margin[iii]	6.7%	1.1%
Reported NPAT	$16.5m	($7.7m)
Operating cash flow	$45.0m	$10.8m
Reported earnings per share	7.3 cents	(3.4 cents)
Dividends per share	9.5 cents	4.0 cents

(I) RECONCILIATION OF EBITDA (UNDERLYING) TO EBIT (UNDERLYING)[iii].

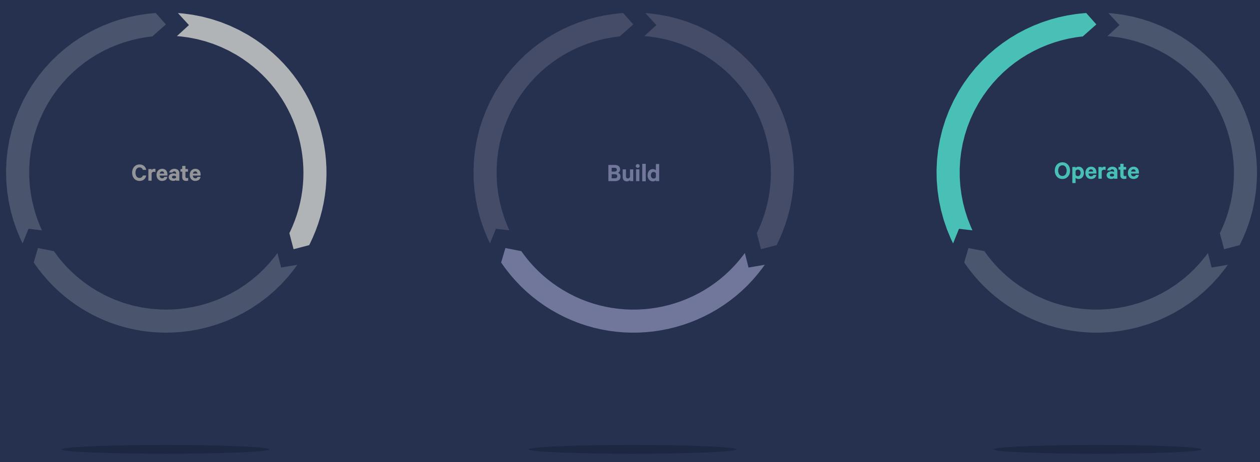
	FY 2015	FY 2014
EBIT (underlying)	$26.3m	$3.9m
Depreciation and amortisation		
Property, plant and equipment	$6.7m	$11.1m
Leased plant and equipment	$1.6m	$2.1m
Software	$2.2m	$2.0m
EBITDA (underlying)	$36.8m	$19.1m

(II) DEFINED AS UNDERLYING EBITDA[i] AS A PERCENTAGE OF COMBINED SALES REVENUE.

(III) REFER TO PAGE 7 FOR COMMENT ON NON-STATUTORY ITEMS.

FY 2015 HIGHLIGHTS

Your Complete Solution



Our Differentiators

Our core strengths have enabled us to successfully differentiate from our peers in a challenging sector. Expertise in Engineering, Procurement and Construction (EPC), or lump-sum project delivery, has resonated well with our clients and their development stakeholders. The shift in the Global Minerals sector towards fixed-price EPC implementation, for projects typically characterised by lower capital value, has resulted in a stronger focus on capital efficiency and delivery assurance. Sedgman's exemplary track record of 25 years and more than 160 projects delivered successfully within this commercial framework enables us to provide both price and delivery certainty.

We are well regarded as experts in iron ore, copper, gold, manganese and mineral sands, as well as our historical commodities of thermal and coking coal. We remain active in each of those commodities and our feasibility activity levels – one of our best project leading indicators – have remained strong.

Sedgman has an exceptional history in pioneering new and improved processes and we remain focused on driving performance through innovation. Integrating technological developments into plant designs is one way that we deliver extra value and commercial advantages for our clients.

Additionally, the strength and performance of our Operations business afford us a unique advantage and enable us to provide a full life-cycle service model: Create, Build and Operate. Our Operations Consulting initiative continues to identify opportunities with new and existing clients who are seeking to improve asset performance.

Our team of capable and committed professionals, a continued focus on technology to enhance our performance, and a culture driven by the relentless pursuit of innovation and value, have positioned Sedgman as a leader in the Global Minerals sector.

FY 2016 and Beyond

I am pleased to report that the new financial year has started strongly for Sedgman. We have been awarded a major EPC contract for BHP Billiton Iron Ore at their Jimblebar mine, which will be delivered through a joint venture with Civmec Construction and Engineering Pty Ltd. This contract is testament to the design and delivery capability we continue to demonstrate.

Current market conditions will undoubtedly remain subdued and the associated need to identify and deliver value will prevail through the near to mid-term. This will continue to present suitable scale opportunities requiring capital efficiency and delivery assurance. Sedgman's 36-year history and more than 25 years' experience in EPC positions us well to provide that assurance. We have a secured Projects and Operations order book of $509 million, which, coupled with a number of near-term opportunities and a continued focus on controlling overheads, provides confidence in our capability to deliver sustained earnings in FY 2016 and beyond.

The near-term future will present challenges; however, I am confident that given our characteristic technical innovation, organisational courage and delivery excellence, Sedgman will continue to perform strongly. I am proud to lead a team of talented and experienced professionals and I'd like to thank everyone at Sedgman for their ongoing contribution and support.

Peter Watson

Peter Watson
CEO | Managing Director

Projects Review

AURORA GOLD PROJECT, GUYANA

The Sedgman Projects business is a specialist division focused on resource planning and assessment, engineering design, procurement and project delivery. With a strong track record of identifying the best solution for clients and delivering projects safely and on schedule, Sedgman continues to win and execute projects globally in diverse and remote regions.

FY 2015 Results

Combined sales revenue[i] for the Projects business of $278.6 million increased by $57.5 million from the previous financial year, as a number of significant Engineering, Procurement and Construction (EPC) projects progressed, compared with lower activity in FY 2014. Sedgman was awarded $292 million of Projects contracts during FY 2015.

Projects underlying EBIT[i] was $13.8 million, representing 5.0% of combined sales revenue[i], which was a significant improvement from the (3.3%) margin achieved in FY 2014. Projects margin improved due to higher utilisation of Projects staff, the settlement of a contractual claim, lower business costs and the recovery of previously impaired receivables.

In FY 2015 the Projects business focused on maximising efficiency through worksharing between regions to minimise cost and increase staff utilisation.

Systems and processes are being further optimised to continue improvements in efficiency. Our Shanghai low cost procurement centre is delivering significant cost benefits with fabrication work for major projects sourced through the centre and distributed around the globe.

Sedgman Consulting continues to provide services to our current minerals projects as well as to the urban development market. We will position this capability to capitalise on the next wave of mining infrastructure opportunities.

Project margins are likely to remain under pressure in FY 2016, however, Sedgman is responding to market conditions by maintaining its focus on cost management and delivering commercially effective solutions. Our experience in lump sum EPC project delivery, specialist global engineering capability and technology knowledge will continue to provide a competitive advantage.

(i) REFER TO PAGE 7 FOR COMMENT ON NON-STATUTORY ITEMS.

Combined project sales revenue[i]

278.6M

Projects underlying EBIT[i]

13.8M

Major Projects

Aurora Gold Project

CLIENT: Guyana Goldfields

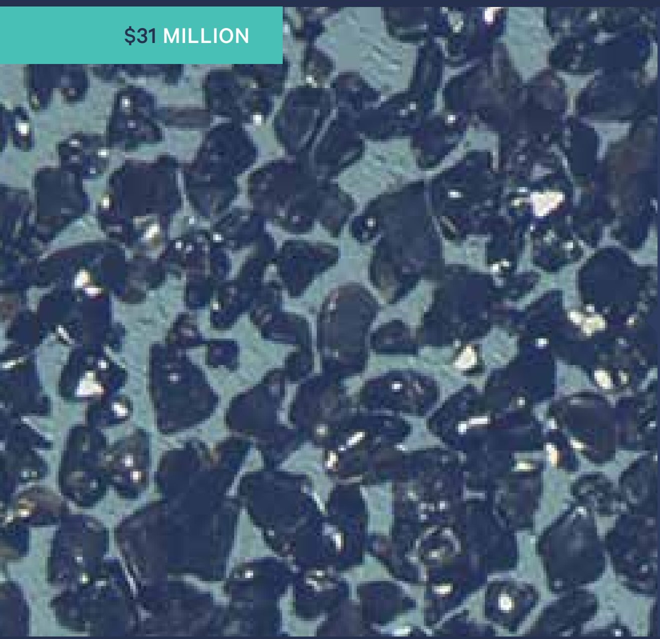
WORKSHARE BETWEEN: Santiago, Perth, Brisbane, Shanghai

GUYANA, SOUTH AMERICA

Sedgman was awarded the EPC of a 1.75 Mt/a gold processing plant and power station as well as the integration management for the flagship Aurora project. The project is being delivered through a joint venture – where Sedgman has partnered with leading South American constructor Graña y Montero (GyM). The GSJV has provided full process performance guarantees in a new location. We applied proven technology, strong commercial management and local experience to deliver the project on time, on budget and safely. This successful result has led to a strong relationship with the client and stakeholders.

US$134 MILLION

$31 MILLION



Twin Pines

CLIENT: Twin Pines Minerals LLC (TPM)

WORKSHARE BETWEEN: Perth, Brisbane, Shanghai

UNITED STATES OF AMERICA

Sedgman is the Principal Design and Supply Contractor for the Relocatable Modular Mineral Sands Wet Concentrator Plant at TPM's facility. When complete, the facility will process heavy mineral sands feed and produce a concentrate of zircon and ilmenite ready for downstream mineral separation and future processing. Sedgman's scope of work includes engineering design, procurement, fabrication and delivery of the modular plant and associated infrastructure, with provision of construction and commissioning technical support. Sedgman was awarded a second contract for a Relocatable Mineral Separation Plant.

Boggabri CHPP

CLIENT: Boggabri Coal

WORKSHARE BETWEEN: Brisbane, Perth, Newcastle, Shanghai

BOGGABRI, NEW SOUTH WALES, AUSTRALIA

The Thiess Sedgman Joint Venture (TSJV) was awarded an EPC contract to expand Boggabri Coal's mining operation to increase production from 1.5 Mt/a to 6.9 Mt/a. The expanded facility included a CHPP with a 1500 t/h bypass system with three stage crushing, a 500 t/h CPP and increased stockpiling and rail loading capacity. A strong relationship was built with the client and is another example of the TSJV successfully delivering large scale coal processing projects. The project was completed in May 2015 on time and on budget.

$189 MILLION

GEMCO PC-02

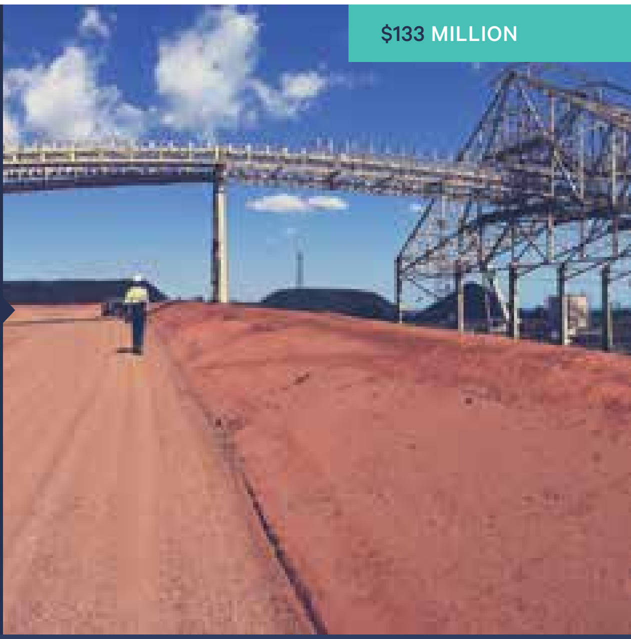
CLIENT: South32 Limited

WORKSHARE BETWEEN: Brisbane, Santiago, Shanghai, Sedgman Consulting (Gold Coast), Townsville Workshop, Operations

GROOTE EYLANDT, GULF OF CARPENTARIA, AUSTRALIA

Sedgman is undertaking the EPC contract to process 1.5 Mt/a of raw sand ore and produce 0.5 Mt/a of manganese ore through a new facility. Sedgman's scope of work includes the detail design, supply, fabrication, construction and commissioning of a sands-beneficiation plant, port stockpile expansion and associated infrastructure. Our solution will allow further processing of the tailings from both the existing concentrator discharge stream and reclaimed dam sand through the new Sands Beneficiation Plant. This will reduce the amount of waste from the existing concentrator plant, extend dam life, and produce a superior product. It will also deliver significant revenue increases.

$133 MILLION



$60 MILLION

Alcoa Residue Filtration and OLC Project

CLIENT: Alcoa of Australia

WORKSHARE BETWEEN: Perth, Brisbane, Shanghai, Santiago, Sedgman Consulting (Gold Coast)

PERTH, WESTERN AUSTRALIA, AUSTRALIA

Sedgman was awarded the contract for this filtration plant in recognition of our technical commodities expertise. We have introduced innovative solutions, which produce lower-moisture bauxite residue from the refinery, and prolong residue storage in the existing area, deferring the need to construct new drying areas. Our scope of work includes EPC, integration and commissioning, and associated infrastructure. The project is being delivered under a fixed-price, fixed-schedule EPC contracting model, which is backed by performance warranties to ensure positive commercial outcomes for our client.

Baralaba CHPP

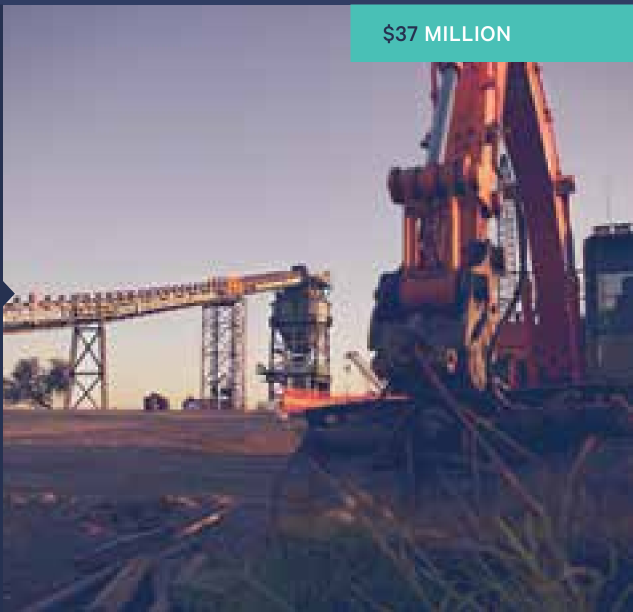
CLIENT: Cockatoo Coal Limited

WORKSHARE BETWEEN: Brisbane, Shanghai, Townsville Workshop

BOWEN BASIN, QUEENSLAND, AUSTRALIA

Sedgman is undertaking a significant expansion of Cockatoo Coal's Baralaba Coal Mine which will increase the mine's capacity to stack, reclaim and rail product from 1 Mt/a to upwards of 3.5 Mt/a. Our scope of work comprises the detail design, supply, fabrication, construction and commissioning of the train load out and stockyard facility. Sedgman's innovative approach to design and low cost procurement options have delivered both technical and commercial value for our client.

$37 MILLION



Operations Review

OPERATIONS TEAM MEMBER

Our Operations business is focused on delivering value through achieving industry leading facility performance metrics in areas such as annual run hours, process efficiency, operating costs and safety.

Sedgman's Operations Strengths

FY 2015 Results

We strive to achieve the highest quartile productivity metrics coupled with the lowest quartile unit operating costs. The operational results achieved in FY 2015 demonstrate this strategy in action. Lean operational teams supported by effective operating systems and a class leading off-site support team enable us to achieve cost and productivity objectives.

Combined Operations sales revenue[i] of $111.8 million decreased by $23.0 million compared to the prior year as anticipated. Four operating sites managed for part of FY 2014 on behalf of clients were transitioned back to owner operation. Operations underlying EBIT[i] was $12.5 million, representing 11.2% of combined sales revenue.

Margins improved in FY 2015 as the Operations business focused on cost control and continuous improvement in operating performance at all sites. Tonnages increased across a number of sites as clients took advantage of the superior plant availability offered by Sedgman's operations capability. Production targets were exceeded at all sites. Sedgman operated CHPPs delivered industry leading performance, averaging 7760 actual run hours.

Our secured Operations order book, together with a number of near term opportunities and our industry leading ability, gives us confidence in our capability to deliver a sustained performance in FY 2016. Our Operations Consulting initiative, which combines our engineering and operations knowledge, specifically in optimising performance with our technical capability, is identifying a range of value add opportunities with new and existing clients.

(i) REFER TO PAGE 7 FOR COMMENT ON NON-STATUTORY ITEMS.

Combined sales revenue[i] for the Operations business

111.8M

Operations underlying EBIT[i]

12.5M

Operations Review

Red Mountain CHPP

CONTRACTED: 2006 – 2017

CLIENT: Red Mountain Joint Venture

BOWEN BASIN, QUEENSLAND, AUSTRALIA

Red Mountain CHPP is an excellent example of class leading performance in the core areas of productivity, safety and operating cost. The facility annual run hours almost surpassed the industry aspirational target of 8000 hours per annum at an average throughput rate in excess of the facility nameplate capacity.

- Run Hours: 7956
- ROM Tonnes: 9.458 Mt
- Average TPH: 1188 t/h
- Availability: 95.2%.

Middlemount CHPP

CONTRACTED: 2011 – 2021

CLIENT: Middlemount Coal

BOWEN BASIN, QUEENSLAND, AUSTRALIA

Sedgman has a 10-year contract to operate the Middlemount CHPP. We initially designed and constructed a 400 t/h plant that could be readily upgraded to 700 t/h and have since undertaken improvements. The circuit configuration involves dense medium cyclone, spirals and flotation.

- Run Hours: 7715
- ROM Tonnes: 5.314 Mt
- Average TPH: 690 t/h
- Availability: 98.1%.

Agnew Gold Mine

CONTRACTED: 1997 – 2017

CLIENT: Gold Fields Limited

LEINSTER, WESTERN AUSTRALIA, AUSTRALIA

Sedgman operates a three-stage crushing plant to feed 125,000 t/m of gold bearing ore to client stockpiles. After the primary jaw crusher, conveyors and screens, a cone crusher further reduces oversized ore, and a tertiary circuit crushes and screens mid-fraction ore. A mobile plant was added to generate products for on-site applications, such as a paste fill product that has helped with underground production. The crushing and screening facility is scheduled to crush approximately 1.2 Mt/a of ore.

Sonoma CHPP

CONTRACTED: 2007 – 2017

CLIENT: QCoal Group

BOWEN BASIN, QUEENSLAND, AUSTRALIA

Sedgman designed and constructed the Sonoma CHPP and has operated the facility since completing commissioning in 2007. The CHPP facility processes approximately 6.0 Mt/a of coking and thermal coal from the QCoal Group open cut mines located near Collinsville in the Bowen Basin.

- Run Hours: 7646
- ROM Tonnes: 6.144 Mt
- Average TPH: 804 t/h
- Availability: 94.8%.

Curragh Train Load Out

CONTRACTED: 2014 – 2017

CLIENT: Wesfarmers

BLACKWATER, QUEENSLAND, AUSTRALIA

Sedgman manages the operation of the Train Load Out (TLO) at the Curragh Mine. The TLO facility consists of a Kawasaki Bucket Wheel Reclaimer, conveyor system and train loading facility. Sedgman has delivered the highest tonnages of coal railed since the commencement of the train loading facility 32 years ago.

Mount Isa Lead/Zinc Mine

CONTRACTED: 2006 – 2016

CLIENT: Glencore

MOUNT ISA, QUEENSLAND, AUSTRALIA

Sedgman supplies and operates separate crushing facilities and a SAG mill feed at Blackstar Open Cut and George Fisher Mine to produce up to 6 Mt/a of product. The facility is scheduled to crush approximately 3.2 Mt/a of lead/zinc ore from the Black Star Open Cut mine. It incorporates a three-stage crushing circuit which reduces material from a maximum feed size of 800mm to a final product size of 14mm. The facility consists of two separate crushing circuits capable of processing 400 t/h each.

HSE

MIDDLEMOUNT CHPP, AUSTRALIA

We believe in a proactive Health, Safety and Environment (HSE) culture. This involves best practice Management Systems, highly visible HSE leadership and model behaviours. These three elements comprise our COMPASS model and are essential to providing a workplace free from injury and harm for our employees, subcontractors and visitors.

FY 2015 Achievements

Safety remains a strong focus for our CEO, the Board, the Executive Team and the Company as a whole. We have adopted a targeted approach to our HSE initiatives and campaigns and have commenced a cultural journey of ensuring that people are more aware of hazards and of their responsibility for their own safety, as well as the safety of others.

This has been supported by our continued implementation of the COMPASS Leadership Program. The Program has been designed to develop our employees' safety leadership capability by broadening their knowledge of our HSE systems and reinforcing expectations, accountability and acceptable HSE behaviour. Over 80% of the workforce have participated in the Program and developed personal HSE Action Plans aimed at driving individual accountability and tracking progress of HSE goals.

We continue to recognise and reward strong HSE performers who strive for a workplace free from injury and harm. CEO I Managing Director, Peter Watson, personally chooses an outstanding safety performance each month and communicates this achievement globally.

Sedgman recognises the value of including our subcontractors as part of our safety journey. We held our inaugural Subcontractor Safety forum, which is a bi-annual event bringing together Sedgman's major subcontractors and suppliers. The forum aims to raise awareness of current safety issues and to collaboratively develop strategies to improve safety performance. In addition, we remain committed to robust and best practice Management Systems. In FY 2015, Sedgman's integrated Health, Safety, Environment and Quality (HSEQ) Management System was expanded to include Sedgman Consulting's Gold Coast Office and was certified in meeting the requirements of the Management System Standards for:

- OHSAS 18001 Occupational Health and Safety Management Systems
- AS/NZS 4801 Occupational Health and Safety Management Systems
- ISO 14001 Environmental Management Systems
- ISO 9001 Quality Management Systems.

FY 2015 Performance

We achieved a 27% reduction in our Recordable Injury Frequency Rate (RIFR) compared to the previous year. We are proud to report that we maintained our target of zero reportable environmental incidents.

Projects and Operations demonstrating safety excellence included:

- Aurora Project achieved 1.5 million hours Lost Time Injury free
- Red Mountain Operations achieved 719 days Recordable Injury free while also achieving record production
- Operations achieved zero injuries for 30,000 manhours of major shutdown work.

FY 2016 HSE Strategy

In FY 2016, we will remain focused on improving our systems, strengthening our HSE leadership and further embedding the expected behaviours to improve HSE performance across our business.

We will accomplish this by:

- Continuing to work with our suppliers and subcontractors to improve safety performance through ongoing bi-annual Safety forums and improvement programs
- Improving our Critical Controls to ensure effective risk management and consistent minimum HSE standards across the globe
- Expanding our ISO Accreditation and improving quality standards across regional and sector services
- Continuing to improve and deliver the COMPASS HSE Leadership Program.

Reduction in Recordable Injury Frequency Rate

27%

Our People

PROJECTS TEAM MEMBER

Our achievements are the result of the collective efforts of our people. Our ability to attract, engage, develop and retain a talented, diverse and mobile workforce will underpin our long-term success. A strong team provides a solid foundation for our business.

Vision and Values

Sedgman has forged a reputation for providing value for clients across all aspects of our service delivery.

Our vision, "See the value, be the value" signals our commitment to driving that value. Our values support our vision, guide our behaviour and underpin our performance:

Trust

Acting with the team's best interests at heart, knowing that the team is acting with your best interests at heart.

Courage

An ability to embrace change, navigate risk and think big.

Excellence

The drive to perform, to achieve the best in every output and to deliver value to our clients without fail.

As the business grows and evolves, it is our vision and values that ultimately guide and empower our people and solidify our culture. Sedgman has maintained our focus on a high-performance culture, which operates as efficiently and effectively as possible to deliver our services, to respond to opportunities and to build a stronger and more sustainable business.

In response to softer market conditions and to ensure Sedgman remains competitive, we continued to streamline the business and consolidated some of our locations, resulting in a 3% reduction of our overall workforce.

Performance and Rewards

With operations and projects spanning the globe, we are committed to helping our team reach their full potential. We are committed to open, honest and productive relationships centred on our values. This means ensuring the health, safety and wellbeing of our people and supporting their ongoing professional and personal development.

Our employee rewards package offers a holistic approach to employee satisfaction and focuses on the three key areas of remuneration, benefits and growth. Examples include:

REWARD AND RECOGNITION PROGRAMS

We reward our employees with financial and non-financial benefits, which are linked to their level of performance and benchmarked internally and externally. Initiatives include the monthly Go the Extra Mile (GEM) Award, the Spot Recognition Program and the Study Assistance Program.

HEALTH AND WELLBEING INITIATIVES

We promote a healthy and balanced lifestyle and encourage our people to achieve this by providing health kiosks, competitive private health insurance offers, free vaccination services, an Employee Assistance Program and wellbeing guidance. Our people are also encouraged to participate in sporting and wellbeing events, such as the Great Adventure Challenge, the Active Pause initiative, the Corporate Rugby Tens and the Bridge to Brisbane fun run, which are subsidised by Sedgman.

TARGETED TRAINING AND DEVELOPMENT PROGRAMS

We offer personal and professional career development opportunities to maximise our employees' engagement and to promote long-term career progression that supports our business objectives. Sedgman provides development opportunities for employees of all experience levels in the business, from our graduates through to our trainees and our senior leaders.

Community

We support sustainable development practices that provide positive, long-term outcomes for the regions and communities in which we operate. The Sedgman Community Investment Program has two key components: a Community Support Program and a Benevolent Fund for charitable activities.

Our Community Support Program provides sponsorship to community-based organisations. In FY 2015 we were a major sponsor for a number of key community initiatives, including the Central Queensland Rescue (CQ Rescue) Helicopter Service.

Through our Benevolent Fund we contributed to various charities globally, including:

- The Starlight Children's Foundation (Australia)
- The St Vincent de Paul Society (Australia)
- The Endeavour Foundation (Australia)
- Youngcare (Australia)
- Kids Haven (Africa)
- University of Guyana School of Earth and Environmental Sciences (Guyana)
- Vector Control Services (Guyana)
- East Bank Demerara Cricket Board (Guyana)
- Stepping Stones, I Care Project (China)

We are committed to open, honest and productive relationships and supporting and engaging with the communities in which we operate.

STEPPING STONES, I CARE PROJECT

1. Donald Argent

B COM, CPA, FAICD

Independent Director

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 of 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.

2. Peter Watson

B ENG (CHEM) (HONS), DIP ACC FIN MGT, FIEA, CP ENG, GAICD

Chief Executive Officer | Managing Director

Peter was appointed Chief Executive Officer | 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.

3. Philippe Etienne

BSC (HONS), GRADDIP MKTG, AMP

Independent Director

Philippe has over 30 years of 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.

4. Robert McDonald

B COM, MBA (HONS)

Chairman, Independent Director

Rob was appointed to the Board in June 2006 and elected as Chairman in October 2014. 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.

5. Antony Jacobs

B COM, MAICD

Non-Executive Director

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.

6. Bart Vogel

B COM (HONS), FCA, GAICD

Independent Director

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. Bart has corporate advisory work spanning 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.

7. Russell Kempnich

B ENG (MECH)

Non-Executive Director

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 over 35 years of experience in the Australian and international coal industry with broad experience in the areas of coal resource evaluation, process plant design, construction and commissioning.

8. Peter Richards

B COM

Independent Director

Peter was appointed to the Board in December 2010. He has over 30 years of 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.

For more details see pages 34–35.

Executive

1. ## Ken Boulton

B ENG (MECH) (HONS)

Director Operations

Ken joined Sedgman in 2006 and is responsible for operations globally, including coal and metals plant operations. Ken was previously Executive General Manager Australian Operations, responsible for Australian processing facility operations and the support of off-shore operations activities. He possesses a mechanical engineering background and has gained significant operational understanding from 20 years of experience within the resources sector, including involvement within coal, base and precious metals processing operations. Prior to joining Sedgman Ken assumed management roles at Wheaton River, Goldcorp and Mount Isa Mines.

2. ## Samantha Douglas

B BUS (HRM & INTERNATIONAL BUS), MEMPLAW

Director People and HSEQ

Samantha joined Sedgman in 2005 and is responsible for leading the People and Health, Safety, Environment and Quality teams globally and providing strategic direction in those areas. Prior to her current role, Samantha held the role of Chief Human Resources Officer and was responsible for all aspects of global human resources, including remuneration and benefits, talent management and recruitment. Samantha has held various senior management and technical roles and has over 15 years of experience across the mining, construction and professional services sectors.

3. ## Simon Stockwell

B ENG (MECH) (HONS), GC APPLAW

Director Client and Project Development

Simon rejoined Sedgman in 2011 having worked for the Company previously from 1995 to 2002. Simon is responsible for Client and Project Development globally. Simon's previous roles include Regional Director, responsible for Australia East and Asia, and General Manager Projects, responsible for the successful delivery of engineering, studies and projects across Australia. Simon is a mechanical engineer with over 20 years of experience across the resources, power and infrastructure industries. Prior to rejoining Sedgman, he was Operations Manager for AMEC Minproc in Brisbane. He has also held senior roles at Thiess, UGL and Kellogg Brown & Root.

4. ## Ian Poole

B ECON, CA

Director Finance

Ian joined Sedgman in 2010 and is responsible for the Company's financial management with accountability across all regions. He is also responsible for Sedgman's corporate services division, which includes information systems and technology and shared services.
Ian is a chartered accountant with over 25 years of experience in financial, commercial and administrative management in the mining and resources industry in Australia and the United States. Prior to joining Sedgman, Ian worked in senior finance and commercial roles with Rio Tinto Coal Australia and was Vice President Finance and Administration for Pasminco Resources US Inc.

5. ## Adrian Relf

B SOCSC, LLB, GDIP MGT, GDIP LEGAL PRACTICE

Director Commercial and Corporate, Company Secretary

Adrian joined Sedgman in 2008 and is responsible for development and implementation of the Company's commercial activities, including mergers and acquisitions and strategic investments, as well as leading the legal, commercial and corporate communications divisions and Company Secretariat. He has been extensively involved in the establishment of Sedgman's regional offices and the continuous improvement of group risk management. Adrian was General Counsel until 2012 and has extensive legal and commercial experience gained in private practice and in-house roles across the engineering, infrastructure, mining and mining services sectors.

6. ## Michael Carretta

B ENG (MIN PROC) (HONS), MAUSIMM, GAICD

Director Engineering and Project Delivery

Michael joined Sedgman in 1998 and is responsible for Engineering, Procurement and Project Delivery across all of our operating regions. Michael was previously Global Director Operations, where he was responsible for global contract operations, including coal and metals plant operations, international operations expansion, diversification into new market sectors and corporate governance. He has held senior management and technical roles within Sedgman in engineering and operations, worked previously for BHP Coal and has over 20 years of experience in the mining industry.

BENGA CHPP, AFRICA

Concise Financial Report for the year ended 30 June 2015

Contents

The financial statements and other specific disclosures are an extract of, and have been derived from the full financial report of Sedgman Limited (the Group) for the financial year. Other information included in the concise financial report is consistent with the Group's full financial report.

This concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

A hard copy of the Group's 30 June 2015 Annual Financial Report, including the independent audit report, is available to all shareholders, and will be sent to shareholders without charge upon request. The 30 June 2015 Annual Financial Report can be requested by telephone (Australia: 07 3514 1000, Overseas: +61 7 3514 1000). The 30 June 2015 Annual Financial Report may also be downloaded from www.sedgman.com/news-and-investors.

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

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 FY 2014 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.

Directors' report (continued)

3. Review of financial performance (continued)

3.2. Performance overview (continued)

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 expansion (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	%
FY 2015	**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 FY 2014.

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.

Directors' report

3. Review of financial performance (continued)

3.4. Operations segment (continued)

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

Operations	Combined Sales Revenue		EBIT (Underlying)		EBIT Margin
	$ millions	% Growth	$ millions	% Growth	%
FY 2015	**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 FY 2014 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.

3.5. 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.

3.6. 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.

Directors' report (continued)

3. Review of financial performance (continued)

3.6. Material business risks (continued)

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

Directors' report

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

Directors' report (continued)

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**
Final 2014 ordinary	2.0	4,541
Interim 2015 ordinary	3.5	7,947
	5.5	12,488

Declared and paid during the year ended 30 June 2015	**Franked/ Unfranked**	**Date of payment**
Final 2014 ordinary	Franked	24 Sept 2014
Interim 2015 ordinary	Franked	26 Mar 2015

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 11 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*	—	3,898,683

* 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.

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.

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.

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.

11. Information on directors (continued)

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

Independent 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.

Philippe Gerald Etienne

BSC(HONS), GRADDIPMKTG, AMP

Independent 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

Independent 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).

Directors' report (continued)

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				
Philippe 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 FY 2015:

Name	Position	Duration
Russell Kempnich	Acting Chairman*	Since 6 June 2006
Robert McDonald	Member	Since 6 June 2006
Philippe 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 FY 2015 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).

14.2. 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.

Directors' report (continued)

14. Remuneration report - audited (continued)

14.2. Remuneration Framework and Principles (continued)

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.

14.4. 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 Philippe 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.

14.6. 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.

Directors' report (continued)

14. Remuneration report - audited (continued)

14.6. Short Term Incentive ("STI") Plan (continued)

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.

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%

Directors' report (continued)

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.

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 following.

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
Net profit/(loss) attributable to owners of Sedgman Limited ($)	**16,527,734**	(7,693,435)	9,428,093
Basic EPS (cents)	**7.3**	(3.4)	4.3
Dividends paid ($)	**12,487,871**	8,871,859	20,537,060
Dividends paid per share (cents)	**5.5**	4.0	9.5
Share price at year end ($)	**0.69**	0.50	0.53
Change in share price ($)	**0.19**	(0.03)	(0.86)

	2012	2011
Net profit/(loss) attributable to owners of Sedgman Limited ($)	37,848,123	26,029,713
Basic EPS (cents)	17.8	12.5
Dividends paid ($)	17,962,316	13,449,474
Dividends paid per share (cents)	8.5	6.5
Share price at year end ($)	1.39	1.85
Change in share price ($)	(0.46)	0.51

Directors' report (continued)

14. Remuneration report – audited (continued)

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.

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.

Directors' report (continued)

14. Remuneration report – audited (continued)
14.11. Details of remuneration
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.

	Short-term			Long term benefits	Post-employment	Share based payments			
						Equity- settled			
2015	Cash salary & fees $	(i) STI bonus $	Non-monetary benefits $	Other long term benefits $	(ii) Super-annuation benefits $	Shares $	(iii) Performance rights $	Total $	Proportion of remuneration performance related %
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(iv)	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 FOLLOWING.
(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.

Directors' report (continued)

14. Renumeration report - audited (continued)
14.11. Details of remuneration (continued)
14.11.1. Amounts of remunerations (continued)

	Short-term incentive bonus (i)	
	% vested in year (ii)	% forfeited in year (iii)
Directors		
Peter Watson	80%	20%

	Short-term incentive bonus (i)	
	% vested in year (ii)	% forfeited in year (iii)
Executives		
Ian Poole	53%	47%
Michael Carretta	62%	38%
Ken Boulton	45%	55%
Simon Stockwell	41%	59%

	Short-term incentive bonus (i)	
	% vested in year (ii)	% forfeited in year (iii)
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.

	Short-term			Long term benefits	Post employment	Share based payments			
						Equity-settled			
2014	Cash salary & fees $	(i) STI bonus $	Non-monetary benefits $	Other long term benefits $	(ii) Super-annuation benefits $	Shares $	(iii) Performance rights $	Total $	Proportion of remuneration performance 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**	

Directors' report (continued)

14. Remuneration report – audited (continued)

14.11 Details of remuneration (continued)

14.11.1. Amounts of remunerations (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
	841,683	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.

Directors' report (continued)

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.

	Performance rights			
Name	Granted in year (i) $	Vested in year (ii) $	Number forfeited in year	Year forfeited rights were granted
Directors				
Peter Watson	360,116	—	250,000	FY 2011
Key management personnel				
Ian Poole	210,246	—	250,000	FY 2011
Michael Carretta	240,220	—	100,000	FY 2010
Ken Boulton	210,246	—	50,000	FY 2010
Simon Stockwell	210,246	—	100,000	FY 2012
Adrian Relf	210,246	—	125,000	FY 2010, FY 2011 & FY 2012
Samantha Douglas	134,833	—	—	n/a
Alan Ainsworth(iii)	—	—	542,000	FY 2010 & FY 2014

(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 compensation	Exercised	Expired / Forfeited	Modified to cash-settled	Ceased as KMP	Balance at end of the year	Vested & exercised during the year	Vested & exercisable at year end
Directors of Sedgman Limited									
Robert McDonald	—	—	—	—	—	—	—	—	—
Peter Watson	740,000	841,683	—	(250,000)	—	—	1,331,683	—	—
Russell Kempnich	—	—	—	—	—	—	—	—	—
Donald Argent	—	—	—	—	—	—	—	—	—
Peter Richards	—	—	—	—	—	—	—	—	—
Antony Jacobs	—	—	—	—	—	—	—	—	—
Bart Vogel(ii)	—	—	—	—	—	—	—	—	—
Philippe Etienne(ii)	—	—	—	—	—	—	—	—	—
Roger Short(iii)	—	—	—	—	—	—	—	—	—

Directors' report (continued)

14. Remuneration report – audited (continued)
14.11. Details of remuneration (continued)
14.11.4. Equity instruments (continued)

2015 Name	Balance at the start of the year (i)	Granted as compensation	Exercised	Expired / Forfeited	Modified to cash-settled	Ceased as KMP	Balance at end of the year	Vested & exercised during the year	Vested & exercisable at year end
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.

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 compensation	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.

Directors' report (continued)

14. Remuneration report – audited (continued)
14.11. Details of remuneration (continued)
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 47 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

Consolidated statement of profit or loss

For the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Revenue from services		**350,818**	318,423
Other income	5	**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	6	**(10,445)**	(16,304)
Employee expenses		**(95,631)**	(95,645)
Agency contract fees		**(7,285)**	(5,837)
Impairment of property, plant and equipment	6	**(2,326)**	—
Impairment of receivables reversed/(recognised)	6	**2,146**	(5,784)
Other expenses		**(22,194)**	(30,797)
Finance costs	6	**(1,865)**	(2,710)
		(342,211)	(326,027)
Share of net profit/(losses) of investments accounted for using the equity method	13	**2,596**	1,019
Profit/(loss) before income tax		**22,800**	(2,381)
Income tax expense	7	**(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	**7.3**	(3.4)
Diluted earnings per share	**7.2**	(3.4)

THE ABOVE CONSOLIDATED STATEMENT OF PROFIT OR LOSS SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

Lead auditor's independence declaration

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

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

	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.

Consolidated balance sheet

As at 30 June 2015

	Notes	2015 $'000	2014 $'000
Assets			
Current assets			
Cash and cash equivalents		**111,024**	97,789
Trade and other receivables		**92,892**	77,518
Assets classified as held for sale		**1,483**	1,483
Current tax assets – Income tax refunds		**1,683**	1,989
Financial assets at fair value through profit or loss		**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		**274**	808
Financial assets at fair value through other comprehensive income		**546**	1,026
Investments accounted for using the equity method	13	**5,742**	2,587
Property, plant and equipment		**16,089**	24,023
Deferred tax assets		**5,217**	6,871
Intangible assets	8	**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		**90,593**	54,962
Interest bearing liabilities	9	**2,185**	9,860
Provisions		**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	10	—	11,453
Provisions		**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		**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.

Consolidated statement of changes in equity
For the year ended 30 June 2015

			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		3,962	—	—	—	—	3,962
Employee performance rights		—	—	(73)	—	—	(73)
Dividends provided for or paid	11	—	—	—	—	(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		—	—	—	—	—	—
Employee performance rights		—	—	788	—	—	788
Dividends provided for or paid	11	—	—	—	—	(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.

Consolidated statement of cashflows

For the year ended 30 June 2015

	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		**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		**(3,079)**	(2,213)
Proceeds from sale of property, plant and equipment		**737**	342
Acquisition of intangible asset	8	**(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	11	**(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		**111,024**	97,789

THE ABOVE CONSOLIDATED STATEMENT OF CASH FLOWS SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

Notes to the consolidated financial statements
For the year ended 30 June 2015

1. Basis of preparation of concise financial report

The concise financial report has been prepared in accordance with the *Corporations Act 2001* and Accounting Standard AASB 1039 *Concise Financial Reports*. The financial statements and specific disclosures required by AASB 1039 have been derived from the full financial report of the Group comprising Sedgman Limited ("Sedgman" or "the Company") and its subsidiaries for the financial year ended 30 June 2015. Other information included in the concise financial report is consistent with the full financial report of the Group. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and liabilities for cash-settled share-based payment arrangements.

A full description of the accounting policies adopted by the Group may be found in the Group's full financial report.

These accounting policies have been applied consistently to all periods presented in the consolidated financial statements, and have been applied consistently by each entity in the Group.

2. 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.

3. 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

Judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements are:

- 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; and
- Classification of joint arrangements.

(b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2016 are:

- Estimation of the economic life of property, plant and equipment and intangibles, and the carrying amount of receivables;
- Testing of assets for impairment; and
- Tax positions arising from foreign operations.

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 6) 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 6) 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.

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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

4. Operating 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.

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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

4. Operating segments (continued)

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 5)*	**5,748**	4,204
Total profit/(loss) before income tax	**22,800**	(2,381)

* THE CONTRACTUAL CLAIM SETTLEMENT INCLUDED WITHIN NOTE 5 HAS BEEN ALLOCATED TO THE PROJECTS SEGMENT.

5. 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

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

6. 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 3(b))	**2,326**	—
Net loss on disposal of property, plant and equipment	**—**	175
Redundancy costs	**1,735**	1,656
Impairment of receivables (reversed)/recognised (note 3(b))	**(2,146)**	5,784
Finance costs		
Interest and finance charges paid/payable	**1,865**	2,710
Interest income (note 5)	**(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)

7. Income tax expense

(a) 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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

8. Non-current assets – Intangible assets

	Software $'000	Goodwill $'000	Brand $'000	Customer Contracts $'000	Total $'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 $'000	2014 $'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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

8. Non-current assets – Intangible assets (continued)

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.

9. Current liabilities – Interest bearing liabilities

	2015 $'000	2014 $'000
Lease liabilities	**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).

10. Non-current liabilities – Interest bearing liabilities

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

Refer to note 9 for terms of commercial loans.

11. Dividends

(a) Ordinary shares

	2015 $'000	2014 $'000
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

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2015

11. Dividends (continued)
(a) Ordinary shares (continued)

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).

12. 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.

13. Interests in joint arrangements and associates
(a) 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.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2015

13. Interests in joint arrangements and associates (continued)

(a) 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).

(b) 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

14. Events occurring after the balance sheet date

Other than the dividends declared subsequent to year end (refer note 11), 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.

Directors' declaration

Directors' declaration
30 June 2015

In the opinion of the directors of Sedgman Limited, the accompanying concise financial report of the Group, comprising Sedgman Limited and its controlled entities, for the financial year ended 30 June 2015, set out on pages 48 to 60:

(a) has been derived from or is consistent with the full financial report for the financial year; and

(b) complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

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

Independent auditor's report to the members of Sedgman Limited

Report on the concise financial report

We have audited the accompanying concise financial report of the Group comprising Sedgman Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year 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 then ended and related notes 1 to 14 derived from the audited financial report of the Group for the year ended 30 June 2015. The concise financial report does not contain all the disclosures required by Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors' responsibility for the concise financial report

The directors of the Company are responsible for the preparation and presentation of the concise financial report in accordance with Australian Accounting Standard AASB 1039 *Concise Financial Reports* and the *Corporations Act 2001* and for such internal control as the directors determine are necessary to enable the preparation of the concise financial report.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit in accordance with Australian Auditing Standards, of the financial report of Sedgman Limited for the year ended 30 June 2015. We expressed an unmodified audit opinion on the financial report in our report dated 26 August 2015. The Australian 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 for the year is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the risk of material misstatement of the concise 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 concise financial report in order to design 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. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

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, the concise financial report of Sedgman Limited and its controlled entities for the year ended 30 June 2015 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

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

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

Additional shareholder information

Additional information required by the Australian Securities Exchange Limited (ASX) Listing Rules, and not disclosed elsewhere in this report is set out below.

Shareholdings as at 31 August 2015

Substantial Shareholders

Name	Units	% of Capital Held
LEIGHTON HOLDINGS INVESTMENTS PTY LIMITED	83,234,018	36.66
COMMONWEALTH BANK OF AUSTRALIA LTD	21,689,355	9.55
RUSSELL KEMPNICH & RELATED PARTIES	16,773,442	7.39

Voting Rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Distribution of equity security holders - ordinary shares

Range	Total Holders	Units	% of Issued Captial
1 - 1,000	886	419,485	0.18
1,001 - 5,000	928	2,756,762	1.21
5,001 - 10,000	530	4,169,633	1.84
10,001 - 100,000	949	26,566,212	11.70
100,001 - 9,999,999,999	95	193,147,185	85.06
Rounding			0.01
Total	3,388	227,059,277	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $500.00 parcel at $0.84 per unit	596	696	252,089

Additional shareholder information (continued)

20 largest shareholders as at 31 August 2015

Rank	Name	Units	% of Units
1	LEIGHTON HOLDINGS INVESTMENTS PTY LIMITED	83,234,018	36.66
2	CITICORP NOMINEES PTY LIMITED	22,648,449	9.97
3	RUSSELL KEMPNICH & RELATED PARTIES	16,773,442	7.39
4	J P MORGAN NOMINEES AUSTRALIA LIMITED	11,960,184	5.27
5	NATIONAL NOMINEES LIMITED	8,632,306	3.80
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,096,361	3.57
7	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD	6,134,991	2.70
8	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	3,395,392	1.50
9	TJSMSF PTY LIMITED	2,516,180	1.11
10	BNP PARIBAS NOMS PTY LTD	2,426,761	1.07
11	UBS NOMINEES PTY LTD	2,181,732	0.96
12	MILTON CORPORATION LIMITED	2,021,674	0.89
13	MR CHRISTOPHER IAN WALLIN + MS FIONA KAY WALLIN	1,700,000	0.75
14	MR IAN THOMAS ATF IAN THOMAS FAMILY TRUST	1,467,414	0.65
15	BOND STREET CUSTODIANS LIMITED	1,434,684	0.63
16	PORTFOLIO SERVICES PTY LTD	1,061,938	0.47
17	CUNACT PTY LTD	1,000,000	0.44
18	CHRYSALIS INVESTMENTS PTY LTD	859,669	0.38
19	ACE PROPERTY HOLDINGS PTY LTD	840,000	0.37
20	INVIA CUSTODIAN PTY LIMITED	750,000	0.33
Totals		**179,135,195**	**78.89**

Corporate Directory

Company

Sedgman Limited

ABN 86 088 471 667

Sedgman Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Directors

Robert McDonald, Chairman, Independent Director

Peter Watson, Chief Executive Officer | Managing Director

Russell Kempnich, Non-Executive Director

Donald Argent, Independent Director

Peter Richards, Independent Director

Antony Jacobs, Non-Executive Director

Bart Vogel, Independent Director

Philippe Etienne, Independent Director

Company Secretary

Adrian Relf

Registered and Head Office

Sedgman Limited
Level 2, 2 Gardner Close
Milton QLD 4064
Australia

Tel: +61 7 3514 1000

Email: mail@sedgman.com

Website

www.sedgman.com

Share Registry

Computershare Investor Services Pty Limited
117 Victoria Street
West End QLD 4101
Australia

www.computershare.com

Independent Auditors

KPMG
Riparian Plaza
Level 16, 71 Eagle Street
Brisbane QLD 4000
Australia

www.kpmg.com.au

Securities Exchange Listing

Sedgman Limited is listed on the Australian Securities Exchange under the code “SDM”.

Sedgman Offices

Australia

Brisbane – Head Office
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Milton QLD 4064

Tel: +61 7 3514 1000

Perth
Suite 3, 3 Craig Street
Burswood WA 6100

Tel: +61 8 6255 0000

Gold Coast
Level 1, 193 Ferry Road
Southport QLD 4215

Tel: +61 7 5558 4200

Mackay
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Paget (Mackay) QLD 4740

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Unit 8, 57 Crescent Road
Waratah NSW 2298

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