

APPENDIX 4E

For the year ended 30 June 2016

Brierty Limited

ABN 65 95 459 448



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This information should be read in conjunction with the Brierty Limited's preliminary final report for the full-year ended 30 June 2016.

Results for announcement to the market

Full year ended 30 June	2015 \$	2016 \$	Variance %
Revenue from ordinary activities	down from \$292,360,297	to \$211,300,322	(28%)
Profit/(loss) from ordinary activities after tax attributable to members	down from profit of \$3,111,702	to loss of (\$50,389,326)	N/A
Net profit/(loss) for the period attributable to members	down from profit of \$3,111,702	to loss of (\$50,389,326)	N/A

Previous corresponding period

The previous corresponding period is the full-year ended 30 June 2015.

Dividends

No dividends have been declared for the full-year ended 30 June 2016. For the previous corresponding period, a fully franked final dividend of \$1.75 per share was paid on 2 October 2014, a fully franked special dividend of 8 cents per share was paid on 20 October 2014, and a fully franked interim dividend of \$1.25 was paid on 2 April 2015.

Net tangible asset backing

Net tangible asset backing per ordinary share: \$0.05 (2015: \$0.45).

Audit

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

Commentary on results for the period

Brierty advises that an audit on its financial accounts for the full-year ended 30 June 2016 has not been completed.

The net loss for the year ended 30 June 2016 includes a pre-tax impairment of plant, equipment and inventory of \$34.5M, and pre-tax losses on civil construction activities, predominantly North West Coastal Highway.

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

Brierty Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2016
UNAUDITED

	2016	2015
	\$	\$
Revenue from services	211,300,322	292,360,297
Cost of providing services	<u>(218,372,110)</u>	<u>(270,706,236)</u>
Gross margin on services	<u>(7,071,788)</u>	<u>21,654,061</u>
Other income	1,300,151	871,756
Administration expenses, excluding finance costs	(17,928,727)	(16,799,022)
Finance costs	(4,528,494)	(3,510,511)
Impairment of property, plant, equipment and inventory	<u>(34,495,859)</u>	<u>-</u>
(Loss)/profit from continuing operations before income tax	(62,724,717)	2,216,284
Income tax benefit/(expense)	<u>12,335,391</u>	<u>895,418</u>
(Loss)/profit from continuing operations after income tax	<u>(50,389,326)</u>	<u>3,111,702</u>
Total comprehensive (loss)/income for the period	<u>(50,389,326)</u>	<u>3,111,702</u>
(Loss)/earnings per share for profit attributable to the ordinary equity holders of the company:	Cents	Cents
Basic (loss)/earnings per share	(39.58)	2.45
Diluted (loss)/earnings per share	(39.58)	2.45

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

Brierty Limited
Consolidated statement of financial position
As at 30 June 2016
UNAUDITED

	2016	2015
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	802,199	2,760,756
Trade and other receivables	30,269,857	31,053,195
Contracts in progress and inventories	13,693,947	25,704,885
Prepayments	1,400,264	1,218,881
Current tax receivable	362,221	2,389,798
Land held for development	15,435,997	14,272,924
Total current assets	<u>61,964,485</u>	<u>77,400,439</u>
Non-current assets		
Property, plant and equipment	34,679,003	77,166,162
WIP	9,969,517	13,246,266
Deferred tax assets	10,001,952	-
Total non-current assets	<u>54,650,472</u>	<u>90,412,428</u>
Total assets	116,614,957	167,812,867
LIABILITIES		
Current liabilities		
Trade and other payables	48,594,009	62,535,515
Bank overdraft	21,502,750	-
Borrowings	12,588,344	15,584,648
Provisions	10,646,324	2,765,771
Contract income in advance	1,953,837	1,213,049
Total current liabilities	<u>95,285,264</u>	<u>82,098,983</u>
Non-current liabilities		
Borrowings	14,645,301	26,403,309
Deferred tax liabilities	-	2,336,632
Provisions	271,874	217,599
Total non-current liabilities	<u>14,917,175</u>	<u>28,957,540</u>
Total liabilities	<u>110,202,439</u>	<u>111,056,523</u>
Net assets	<u>6,412,518</u>	<u>56,756,344</u>
EQUITY		
Contributed equity	37,194,172	37,148,672
Reserves	500,191	500,191
Retained profits	(31,281,845)	19,107,481
Total equity	<u>6,412,518</u>	<u>56,756,344</u>

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

Brierty Limited
Consolidated statement of changes in equity
For the year ended 30 June 2016
UNAUDITED

	Contributed Equity \$	Employee Equity Benefits Reserve \$	Retained Earnings \$	Total \$
Balance at 1 July 2014	29,170,572	338,982	29,622,029	59,131,583
Profit for year	-	-	3,111,702	3,111,702
Total comprehensive income for the year	-	-	3,111,702	3,111,702
Transactions with equity holders in their capacity as equity holders				
New capital raised	7,978,100	-	-	7,978,100
Dividends provided for or paid	-	-	(13,626,250)	(13,626,250)
Share based payments	-	161,209	-	161,209
	7,978,100	161,209	(13,626,250)	(5,486,941)
Balance at 30 June 2015	37,148,672	500,191	19,107,481	56,756,344
Balance at 1 July 2015	37,148,672	500,191	19,107,481	56,756,344
Loss for year	-	-	(50,389,326)	(50,389,326)
Total comprehensive loss for the year	-	-	(50,389,326)	(50,389,326)
Contributions of equity, net of transaction costs				
Share based payments	45,500	-	-	45,500
	45,500	-	-	45,500
Balance at 30 June 2016	37,194,172	500,191	(31,281,845)	6,412,518

Brierty Limited
Consolidated statement of cash flows
For the year ended 30 June 2016
UNAUDITED

	2016 \$	2015 \$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	250,000,187	261,646,084
Payments to suppliers and employees (inclusive of goods and services tax)	(255,913,862)	(260,879,551)
Interest received	89	147,651
Other revenue	1,072,533	540,402
Finance costs	(4,528,493)	(3,510,511)
Income taxes received/(paid)	2,027,769	268,451
Net cash (outflow) inflow from operating activities	(7,341,777)	(1,787,474)
Cash flows from investing activities		
Payments for plant and equipment	(1,364,145)	(2,966,466)
Proceeds from sale of property, plant and equipment	1,117,842	970,738
Net cash (outflow) inflow from investing activities	(246,303)	(1,995,728)
Cash flows from financing activities		
Repayment of borrowings	(15,873,227)	(14,830,000)
New capital raised	-	7,820,600
Dividends paid	-	(13,626,250)
Net cash (outflow) inflow from financing activities	(15,873,227)	(20,635,650)
Net change in cash and cash equivalents	(23,461,307)	(24,418,852)
Cash and cash equivalents at the beginning of the financial year	2,760,756	27,179,608
Cash, cash equivalents and overdrafts at end of year	(20,700,551)	2,760,756

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

Brierty Limited
Notes to the consolidated financial statements
For the year ended 30 June 2016
UNAUDITED

Segment information

2016	Civil \$	Land Development \$	Mining Services \$	Total Operations \$
Segment revenue				
Total segment revenue	116,019,163	30,172,393	65,108,766	211,300,322
Intersegment transactions	14,847,794	-	-	14,847,794
Intersegment elimination	-	-	-	(14,847,794)
Total contract revenue	130,866,957	30,172,393	65,108,766	211,300,322
Segment result	(31,069,064)	7,902,357	8,262,200	(14,904,507)
Administration overheads				(14,624,502)
Other income				1,300,151
Impairment of property, plant equipment and inventory				(34,495,859)
Loss before income tax				(62,724,717)
Segment assets	16,325,769	15,435,997	30,298,953	62,060,719
Property plant and equipment				34,679,003
Inventories of materials and spares				7,047,585
Deferred tax assets				10,001,952
Other unallocated assets				2,825,698
Total assets				116,614,957
Unallocated liabilities				110,202,439
Total liabilities				110,202,439
2015	Civil \$	Land Development \$	Mining Services \$	Total Operations \$
Segment revenue				
Total segment revenue	156,160,167	29,542,859	106,657,271	292,360,297
Intersegment transactions	19,609,021			19,609,021
Intersegment elimination				(19,609,021)
Total contract revenue	175,769,188	29,542,859	106,657,271	292,360,297
Segment result	938,903	2,878,714	7,838,676	11,656,293
Administration overheads				(10,311,765)
Other income				871,756
Profit before income tax				2,216,284
Segment assets	34,584,403	14,272,924	30,080,636	78,937,963
Property plant and equipment				77,166,162
Inventories of materials and spares				7,886,823
Other unallocated assets				3,821,919
Total assets				167,812,867
Unallocated liabilities				111,056,523
Total liabilities				111,056,523

Description of segments

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

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

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

Reportable segments

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

Civil

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

Mining

Contract mining and mine maintenance.

Land Development

Residential lot development in Palmerston, Northern Territory.

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

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

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

The Group has a number of customers to which it provides both products and services. The most significant customer accounts for 41% of the 2016 turnover (2015: 37%) and the second most significant customer accounts for 35% (2015: 30%) with all other customers below 6% of external revenue.

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

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

Brierty Limited
Notes to the consolidated financial statements
For the year ended 30 June 2016
UNAUDITED

	2016	2015
	\$	\$
REVENUE		
From continuing operations		
Contract revenue	181,127,929	262,793,115
Hire of equipment - Income	-	24,323
Sale of land	30,172,393	29,542,859
	<u>211,300,322</u>	<u>292,360,297</u>
Other income		
Recoveries	36,619	310,678
Net gain on disposal of property, plant and equipment	227,530	208,026
Other revenue	1,036,002	353,052
	<u>1,300,151</u>	<u>871,756</u>
EXPENSES		
Cost of services and sales		
Cost of providing services	196,102,074	244,042,091
Cost of land sales	22,270,036	26,664,145
	<u>218,372,110</u>	<u>270,706,236</u>
(Loss)/profit before income tax includes the following expenses:		
Depreciation		
Administration plant and equipment	542,667	616,469
Operation plant and equipment	10,306,468	8,587,564
	<u>10,849,135</u>	<u>9,204,033</u>
Employee benefits expenses		
Salaries and wages	58,070,909	68,182,188
Superannuation	3,863,648	4,634,626
Share based payments	45,500	161,209
	<u>61,980,057</u>	<u>72,978,023</u>
Finance costs		
Interest and finance charges payable under hire purchase contracts	3,149,604	2,722,412
Bank facility fees	590,306	343,012
Bank overdraft interest	788,584	445,087
Finance costs expensed	<u>4,528,494</u>	<u>3,510,511</u>
Impairment		
Property, plant and equipment	33,004,394	-
Inventory	1,491,465	-
	<u>34,495,859</u>	<u>-</u>

Interests in joint arrangements

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

A joint operating agreement establishing the Brierty Karlayura joint operation was executed in July 2013. The joint operation completed its second project being roadworks for Rio Tinto at West Angelas during the financial year.

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

A joint venture operating agreement establishing the Brierty Muntulgura Guruma joint operation was executed during the financial year. The joint venture commenced in August 2015 and delivered a road project for Rio Tinto.

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

The Group has the following interests in joint operations:

Name of entity	Principal Activities	2016 %	2015 %
Brierty-NYFL Joint Operation	Urban infrastructure works	70	70
Brierty-Karlayura Operation	Road construction	70	70
Brierty-Bocol	Road construction	83	83
Brierty Muntulgura Guruma	Road construction	78	-
Brierty Eastern Guruma Operation	Road construction	50	-