

31 August 2016

## **BRIERTY REPORTS PRELIMINARY UNAUDITED RESULTS FOR FY2016**

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### **Summary:**

- Revenue of \$211.3 million (FY15: \$292.4 million)
  - Underlying net loss after tax of \$16.9 million, principally impacted by a significant loss at the North West Coastal Highway Project
  - Statutory net loss after tax of \$50.4 million (FY15: \$3.1 million NPAT), including non-cash items:
    - \$23.1 million after-tax impairment to the carrying value of Brierty's plant and equipment
    - The non-recognition of a deferred tax asset totalling \$10.4 million, as its recoverability is not probable at this point in time
  - Solid performance on the \$300 million mining project at Western Turner Syncline, NT land development project at Mitchell Creek Green, and other smaller civil projects
  - Paid down \$14.8 million in equipment finance debt
  - \$286 million order book provides solid foundation for FY17
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Diversified contractor Brierty Limited (ASX: BYL) has released its preliminary unaudited results for the year ended 30 June 2016.

Brierty reported an underlying net loss after tax of \$16.9 million, principally driven by the issues the Company experienced at its North West Coastal Highway Project, as previously announced. The FY16 result includes a provision for future losses associated with the Project through to completion in the coming months.

In addition, Brierty identified one-off costs that have been accounted for in its FY16 result after initiating a comprehensive review of the business in the year-end process. This included an impairment of Brierty's inventory and de-recognising insurance claims that had been included in 20 June 2016 guidance, such as a claim for a major unseasonal rainfall event on the North West Coastal Highway Project. This claim is well advanced but was unable to be finalised prior to today's announcement and was therefore omitted from the FY16 results.

Brierty has also accounted for two one-off, non-cash items in its FY16 result:

1. A previously flagged impairment expense relating to the carrying value of the Company's plant and equipment has been determined to be \$33.0 million on a pre-tax basis (\$23.1 million after-tax), which has been accepted by the Company's auditors, EY. This reflects the finalisation of an independent valuation by Smith Broughton.
2. Following discussions with the Company's auditors, the Board has not recognised a potential deferred tax asset (DTA) of \$10.4 million. Brierty is required by accounting standards to ensure that the carrying value of the DTA on its balance sheet can be recovered against future profits generated by the Company in the medium term. The carrying value of the recorded DTA is estimated to be \$10 million and it will be finalised in the audited accounts.

These items resulted in Brierty reporting an unaudited statutory net loss after tax of \$50.4 million.

Brierty Chairman Dalton Gooding said it had been a challenging year for the Company.

“We have been very disappointed with the North West Coastal Highway Project and the adverse financial impact it has had on the business,” Mr Gooding said.

“This project, which is well progressed towards completion, has masked the solid performance Brierty achieved at our \$300 million mining project at Western Turner Syncline, our major land development project at Mitchell Creek Green in the Northern Territory, and other smaller civil projects during the year.

“Importantly, we have learnt lessons from the highway project in adjusting our business strategy and have also responded by achieving significant cost efficiencies across the business.

“The market remains competitive but Brierty has continued to be successful in winning new work, such as a \$30 million contract awarded by Newmont Mining earlier this month for civil works at the Boddington gold mine.

“We also remain in active discussions on the Great Eastern Highway contract dispute which has been the subject of formal mediation in FY16.

“Brierty has a quality order book in place which provides the business with a strong platform for FY17. We are appreciative of the support that our bank has given the business during the past challenging year and look forward with cautious optimism to improved results in FY17.”

The Board has elected to not declare a final dividend.

Brierty will release its full audited results by 30 September 2016 in order to provide additional time to validate its DTA assessment with the Company’s auditors.

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## CONTACT

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## ABOUT BRIERTY

Brierty provides civil construction and mining services to government and private industry through its civil and mining lines of business, which include:

### Civil

- Construction of city and town infrastructure including land developments, roads and car parks.
- Highway and road construction, bulk earthworks, railways, airport runways, site-works, concrete and pavement works.

### Mining

- Contract mining and mine maintenance.

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