

18 April 2016

BRIERTY PROJECT AND CORPORATE UPDATE

Summary:

- Estimated \$15 million pre-tax loss related to a specific road upgrade project
 - Anticipated impairment of \$15-20 million related to the carrying value of plant and equipment
 - Undertaking restructuring initiatives
 - Underlying forecast net after tax loss for FY16 of \$3-6 million
 - Continuing to generate solid and improving cashflow from its other operations
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Diversified contractor Brierty Limited (ASX: BYL) advises that following a thorough investigation it has concluded that an estimated pre-tax loss of \$15 million will be incurred on the \$69 million project to upgrade the North West Coastal Highway (NWCH) for Main Roads Western Australia.

Brierty anticipates the NWCH project will be completed in July 2016.

Brierty has responded to the NWCH issue and ongoing competitive market conditions by making personnel changes; commencing a process to identify and implement further cost efficiencies across the business; selling surplus equipment; and accelerating the roll-out of enhanced monitoring and reporting systems across its projects. In addition, Brierty's Board and Managing Director Peter McBain have each elected to take a 15 per cent reduction in their fixed remuneration.

Brierty Managing Director Peter McBain said the project loss is unacceptable. The Company is determined to prevent a repeat of this occurrence and it is undertaking restructuring initiatives.

"We have identified issues at the road project and our immediate focus is to complete the job, which we expect to do by the middle of the year," Mr McBain said.

"Importantly, this project is not a reflection of the good results we are continuing to achieve elsewhere across the business, in particular at our \$300 million mining contract at Western Turner Syncline, land development project at Mitchell Creek Green, and at civil projects in the Perth region, all of which are generating operating cashflow and profits.

"We are implementing further cost efficiencies across the business and will continue to pay down equipment finance debt to ensure we are lean and remain flexible in a very competitive market."

Due to the loss on the NWCH project and a highly competitive environment which is reducing new business opportunities, revenue, and margins, Brierty expects its underlying net after tax loss for FY16 to be in the range of \$3-6 million.

Brierty has also undertaken a review of the carrying value of its equipment in line with the Company's policy to assess its assets for impairment whenever events or changes in circumstance indicate the carrying amount may not be recoverable. As a result of this review, Brierty expects to report an impairment expense in the range of \$15-\$20 million. As the impairment is a non-cash item, it will not have an impact on Brierty's

operations or cashflow. The exact amount of the impairment will not be known until the audit process is complete and will be provided in the Company's financial statements for the year ending 30 June 2016.

The Company is generating growing operating cashflow from its mining, land development, and civil projects in the Perth region and has further paid down equipment finance debt in H2 FY16, providing a solid foundation for FY17.

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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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