Brierty Limited

ABN 65 095 459 448

Annual Financial Report for the year ended 30 June 2012

Brierty Limited 65 095 459 448
ASX Final Report - 30 June 2012

Directors	
	Non Executive Chairman
	D L Gooding
	Managing Director
	P McBain (appointed 28 November 2011)
	Non-Executive Directors
	A R Brierty
	K J Hellsten
	R J O'Shannassy (appointed 26 September 2011)
Company Secretary	J Sicard
Registered office	Level 2, 72 Melville Parade South Perth, Western Australia, 6151
Share and debenture register	Computershare
Auditor	Ernst & Young 11 Mounts Bay Road Perth, Western Australia
Solicitors	Clifford Chance Level 12, London House 216 St Georges Terrace Perth, Western Australia
Bankers	Commonwealth Bank Level 3 150 St Georges Terrace Perth, Western Australia
Stock exchange listing	Brierty Limited shares are listed on the Australian Stock Exchange. ASX Code - BYL
Website address	www.brierty.com.au

Results for Announcement to the Market
30 June 2012

				$
Revenue from ordinary activities *(Appendix 4E item 2.1)*	up	38 %	to	252,305,246
Profit from ordinary activities after tax attributable to members *(Appendix 4E item 2.2)*	up	9,991 %	to	9,442,474
Net profit for the period attributable to members *(Appendix 4E item 2.3)*	up	9,991 %	to	9,442,474
NTA backing	**30 June 2012**		30 June 2011	
Net tangible asset backing per ordinary security:	**cents**		cents	
	0.41		0.34	
Dividends / distributions *(Appendix 4E item 2.4)*	Amount per security		Franked amount per security	
Final dividend		1.75		1.75
Interim dividend		1.0		1.0

Record date for determining entitlements to the final dividend	20 September 2012
Payment date	4 October 2012

Explanation of figures reported above *(Appendix 4E item 2.6)*
Revenue from contracts increased from $188,390,503 to $252,305,246.

Profit from ordinary activities after tax increased from $93,569 to $9,442,474.

For further explanation of figures reported above, refer the separate press release of 22 August 2012 and the review of operations included as part of this annual report.

Explanation of Dividends *(Appendix 4E item 2.6)*
The Directors have declared a final dividend of 1.75 cents per share to be paid on Thursday 4 October 2012. The record date for entitlement to the dividend is 20 September 2012.

Performance Trends
Refer Review of Operations that follows and separate press release of 22 August 2012.

Compliance Statement
This Appendix 4E is based on financial statements that have been audited.

The 30 June 2012 Annual Financial Report forms part of and should be read in conjunction with this Preliminary Final Report (Appendix 4E).

HIGHLIGHTS

- 38% increase in revenue to $252,305,246
- $13,377,483 increase in profit before tax to $13,610,645
- $9,348,905 increase in profit after tax to $9,442,474
- $17,246,342 increase in cash generated from operations to $22,807,253
- Final dividend declared of 1.75 cents

FINANCIAL PERFORMANCE

	FY 2012	FY 2011	Change Up/(Down)
Group Revenue	$ 252,305,246	$ 188,390,503	$ 63,914,743 (+38%)
Profit before tax	$ 13,610,645	$ 233,162	$ 13,377,483
Profit after tax	$ 9,442,474	$ 93,569	$ 9,348,905
Earnings per share (cents)	8.58	0.08	8.50 cents

Brierty Limited has reported a full year profit result of $ 9,442,474.

In posting this strong result the Company has realised the benefit of the revised business structure and improved business processes.

Operations over the 12 months were stable, providing consistent performance across the divisions which are working together to deliver results for clients and shareholders.

One of the two disputes noted in the 2011 report has been finalised with the final matter outstanding.

There are no outstanding disputes arising from works completed in the 2012 financial year.

DIVIDEND

On 20 August 2012, the Board of Brierty Limited declared a final dividend of 1.75 cents per share and brings the full year dividend to 2.75 cents per share fully franked.

DIVISIONAL RESULTS (PRE-CORPORATE OVERHEADS)

	CIVIL	MINING	BELLAMACK	TOTAL
Revenue – FY2012	$ 156,952,319	$ 52,140,440	$ 42,769,396	$ 251,862,155
Segment profit before tax – FY2012	$ 20,105,657	$ 4,324,836	$ 3,038,746	$ 27,469,239
Margin – FY2012	12.8 %	8.3 %	7.1 %	10.9 %
Revenue – FY2011	$ 135,590,974	$ 22,456,742	$ 30,034,700	$ 188,082,416
Segment profit before tax – FY2011	$ 5,657,074	$ 2,405,091	$ 3,950,714	$ 12,012,879

Segment revenue and results is considered non IFRS information. The basis of preparation is as per the segment note in the financial statements. The information above has been extracted from the audited financial statements and has been included to show the growth of the business across all segments.

For a reconciliation of segment results to profit from continuing operations before income tax for the period of $13,610,645 please refer to note 4, Segment Information, within the notes to the consolidated financial statements.

CIVIL

The Civil division completed civil works at BHP Billion Worsley Alumina's Maradong project in December 2011. This was an important well executed project.

The Civil team completed FMG's Solomon accommodation village earthworks and the significant rail siding and the bulk of the Solomon Rail Spur project through the financial year.

During the year the division won its first contract with Rio Tinto – the first stage of the expansion of Wickham a 221 block and subdivision. Sub-divisional works at the Springs in Rivervale were completed and an additional 2 year term negotiated for similar works at Alkimos for LWP. A number of projects were completed at the Perth Airport including car parks and road works, again highlighting the importance of Perth Airport as a client.

MINING

During the financial year the mining project at Tanimi Gold was completed and works at the Karara Hematite project advanced to all 5 stages including train loading. Karara and Gindalbie are significant clients and the Karara Project remains particularly important allowing Brierty to exhibit its capability across all facets of contract mining.

Results at the project have been in keeping with expectations.

BELLAMACK

The Bellamack project has performed well over the financial year with 267 lots completed, 213 lots titled, 203 lots sold and 207 lots settled. The development is on target to be completed late 2014 or early 2015.

RISK MANAGEMENT

During the year Perth company MYR was contracted to assist Brierty in completing a risk management review and to provide high level risk management services throughout the business.

KEY ACHIEVEMENTS

SAFETY

The company focused on lead safety activities in 2012 as the frontline approach to improving safety performance.

Comparing June 2011 to June 2012;

- Take 5's (a precautionary checklist carried out prior to starting tasks) were up from 1530 in June 2011 to 9,666 in June 2012 an increase of 600%.
- Hazard reports (the reporting and rectification of potential hazards in the workplace) were up from 138 to 454 an increase of 329%, and
- Safety Act observations – (where a Peer or Manager reviews the safety of actual work practices) were up from 140 to 440 an increase of 314%.

Our TRIFR (**T**otal **R**ecordable **I**njury **F**requency **R**ate) dropped from 20.24 to 15.17 moving towards our initial target to be below 10.

PEOPLE

At 30 June 2012 Brierty directly employed 503 people an increase of 173 (52%) from the previous year. The company remains committed to developing and retaining employees with a cultural fit to the business.

INDIGENOUS

At 30 June Brierty employed 67 Indigenous Australians representing 13.3% of the workforce. Pleasingly over the financial year of the 173 new employees 52 were indigenous. On this basis 30% of Brierty's new employees are Indigenous Australians.

PLANT AND EQUIPMENT

In keeping with Brierty's objective to renew its fleet the company took delivery of a significant number of large pieces of plant. During the coming year the company will continue to buy new equipment to reduce the average fleet life.

OUTLOOK

The company expects the 2013 financial year to continue to provide a platform for growth in all aspects of the business.

CIVIL

It is expected that infrastructure works related to new mines or capacity expansion and oil and gas projects will continue to provide opportunities. Transport and local government works coupled with royalty for regions sponsored projects are likely to contribute to the order book. Increased infrastructure spending in the Northern Territory, particularly near Darwin will provide the opportunity to further grow the business in the Northern Territory. Housing related subdivisions, municipal and airport works in and around Perth are expected to remain strong in the coming year and beyond.

MINING

The company has invested in 2 new 100 tonne excavators and 8 new 100 tonne dump trucks to add to the mining fleet. The bulk of this equipment arrives early in the 2013 financial year and provides the capacity to further grow the mining business on the capability showcased at the Karara Project.

BELLAMACK

Construction will near completion in the coming financial year with sales expected to remain strong.

STRATEGY

Our vision remains being a safe, professional, consistent project focused, successful contractor providing value to clients and shareholders.

Corporate governance statement

Brierty Limited ("Group" or "Brierty")

The Board of Brierty is committed to ensuring that effective corporate governance structures exist that encourage the Group to fulfil its Statement of Purpose and provide accountability and control systems commensurate with the risks involved.

The Group has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("ASX Principles") where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance principles.

Where the Group has considered that a recommendation is inappropriate to its particular circumstances and it has not adopted that recommendation, a statement to that effect has been made consistent with the "if not, why not" approach required by the ASX listing rules.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Companies should establish and disclose the respective roles and responsibilities of Board and management.
ASX Principles Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Board has adopted a formal Board Charter that details the respective roles and responsibilities of the Board and its members. The Board Charter has been published on the Group's website.

The central role of the Board is to set the strategic direction for the Group, to select and appoint the Chief Executive Officer and Managing Director and to oversee the Group's management and its business activities.

The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Group.

Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include to:

- monitor and assess management's performance in carrying out strategies, achieving objectives and observing budgets, approved by the Board, and to ensure that appropriate resources are available to management for those purposes;
- set criteria for, and to evaluate, at least annually, the performance of the Chief Executive Officer and Managing Director;
- encourage a culture that promotes ethical and responsible decision making throughout the Group;
- review the Group's policies on risk oversight and management and satisfy itself that management has developed a sound system of risk management and internal control;
- contribute to management's development of corporate strategy and performance objectives;
- set criteria for and approve acquisition, establishment, disposal or cessation of any significant business of the Group
- formulate and adopt appropriate internal Board policies;
- review procedures and practices employed in relation to health, safety, and the environment and to assess their adequacy;
- satisfy itself, on a reasonable basis, that the financial statements and other financial disclosures of the Group are both fair and accurate;
- satisfy itself, on a reasonable basis, that appropriate internal and external audit arrangements are in place and operating effectively;
- keep under review:
  - management succession planning (in particular as regards the office of Chief Executive Officer and Managing Director);
  - management development activities;
  - outcomes of the Group's decisions and strategies and ensure that valuable lessons are identified and absorbed into the framework for making future decisions;
  - satisfy itself, on a reasonable basis, that the level and composition of management remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined;
  - assess and approve the Group's response to proposed transactions which would affect shareholders' positions and rights as shareholders, and where relevant to make recommendations thereon to shareholders;
  - satisfy itself that processes and plans are in place to maintain an orderly succession of appointments of non-executive Directors to the Board, and an appropriate balance of skills; and
  - corporate policy and standards which impact on the perception, standing and reputation of the organisation in the marketplace to include, but are not limited to:

- Website;
- Branding/logos;
- Communications with the media; and
- Corporate functions and events.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives as set out in the Board Charter. The powers that have been specifically reserved for the Board and the responsibilities of the Chair and individual directors are described in the Charter, a copy of which can be viewed on the Group's website.

ASX Principles: Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The performance of senior executives will be reviewed at least annually against performance measures determined by the Board, with the assistance of the Nomination and Remuneration Committee. A performance evaluation of senior executives was completed in the financial year in accordance with this process.

Induction procedures have been developed to allow new senior executives to participate fully and actively in management decision-making at the earliest opportunity.

COMMITTEES
The Board has established three standing Committees to assist it to meet its responsibilities. The Committees are:

- Audit
- Nomination and Remuneration
- Risk and Compliance.

These Committees are described in further detail under the relevant Principles below.

COMMITMENT
All Directors understand the Group's expectations of them. The non-executive Directors have been provided with formal letters of appointment that set out the key terms and conditions of their appointment.

Similarly, the Group has employment agreements with its Chief Executive Officer/Managing Director, Executive Directors, and other key executives.

Prior to appointment or being submitted for re-election, each non-executive Director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Group.

MEETINGS
The Board Charter provides for a minimum of 6 scheduled Board meetings per annum, although in a typical year, it is expected that the annual calendar will provide for more than this number (12 Board meetings were held during the 2012 financial year). Board committee meetings are held as required, generally prior to the scheduled Board meeting.

The Chairman sets the agenda for each meeting in conjunction with the Managing Director and Company Secretary. Any Director may request additional matters on the agenda. Members of senior management attend meetings of the Board and its Committees by invitation.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Companies should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

BOARD COMPOSITION
Details of the Directors in office at the date of this report, including their qualifications, experience, date of appointment and their status as non-executive, independent or executive Directors are set out in the Directors Report.

ASX Principles : Recommendation 2.1 recommends a majority of the Board should be independent Directors, Recommendation 2.2 recommends the Chairman should be an independent Director and Recommendation 2.3 recommends that the roles of the Chair and Managing Director should not be exercised by the same individual.

The Board Charter (a copy of which has been published on the Group's website) currently provides that at least one third of its Directors will be independent non-executive directors and that the Chairman must also be an independent non-executive director.

The Board currently has five Directors, four of whom are non-executive. Three of the four non-executive Directors, including the Chairman DL Gooding, are considered to be independent.

The roles of the Chair and Managing Director are exercised by different individuals.

INDEPENDENT DECISION-MAKING
The Board agrees that all Directors should bring an independent judgement to bear in decision-making.

Accordingly, the Board:
- has adopted a procedure for Directors to take independent professional advice if necessary at the Group's expense (with the prior approval of the Chairman, which will not be unreasonably withheld)
- as much as is reasonably practicable within the constraints of its current Board size and structure, the Board sets aside sessions at its scheduled meetings to confer without management present
- has described in the Board Charter the considerations it takes into account when determining independence.

DIRECTOR INDEPENDENCE
The Board's Charter lists relationships it takes into account when determining the independent status of Directors. Criteria that the Board takes into account when determining Director independence include:
- substantial shareholdings in the Group
- past or current employment in an executive capacity
- whether or not the Director has been a principal of a material professional adviser or a material consultant to the Group in the past 3 years
- material supplier or customer relationships with the Group
- material contractual relationships or payments for services other than as a Director
- family ties and cross-directorships.

The Board considers materiality thresholds from time to time and discloses these in the Corporate Governance Statement contained on the website and in the Annual Report each year.

The thresholds currently applied by the Board to assist in its independence determinations include:
- where the services and/or products acquired or supplied represent more than 5% of the consolidated gross revenue of either party i.e. of Brierty or of the director (or person or organisation with which the director has an affiliation)
- contractual relationships with the Group valued at $25,000 or greater.

The Board regularly reviews the independence status of its Directors and has determined the following Directors to be "independent" (in accordance with the criteria listed above):
- DLGooding
- KJ Hellsten
- RJ O'Shannassy

Non-executive director AR Brierty is a substantial shareholder, has provided advisory services to the Group and in the past has been an employee in an executive capacity and as such does not meet the Board's criteria for "independence".

The period of office held by each director in office is as follows:

Director	Date Appointed	Period in office	Due for Re-election or Retirement
DL Gooding	27 October 2007	4 years	2013 AGM
P McBain	28 November 2011	1 year	N/A
AR Brierty	21 December 2000	11 years	2012 AGM
KJ Hellsten	23 February 2010	2 years	2012 AGM
RJ O'Shannassy	26 September 2011	1 year	2013 AGM

CONFLICTS OF INTEREST
A Director's obligations to avoid a conflict of interest are set out in the Board Charter and reinforced in the Code of Business Ethics and Conduct.

The Charter states that a Director must inform the Board or the Chair, as soon as the Director is aware of any conflict or potential conflict of interest which that Director may have in relation to any particular item of business. Unless decided otherwise by the other members of the Board, the Director should be absent from discussion and decision on that matter. Directors must comply strictly with Corporations Act requirements and the Board Charter for the avoidance of conflicts.

NOMINATION AND REMUNERATION COMMITTEE
ASX Principles: Recommendation 2.4: The Board should establish a Nomination Committee.

The Board has established a Nomination and Remuneration Committee and adopted a Charter that sets out the Committee's role and responsibilities, composition and membership requirements. That Charter has been published on the Company's website.

Nomination responsibilities:
The role of the Nomination and Remuneration Committee when carrying out its Nomination responsibilities includes:
- assessment of the necessary and desirable competencies of Board members
- review of Board succession plans that assist in maintaining an appropriate mix of skills, experience, expertise and diversity on the board
- evaluation of the Board's and Managing Director's performance
- recommendations for the appointment and removal of Directors.

The responsibilities of this Committee with respect to remuneration matters are set out under the discussion of Principle 8 later in this Statement.

Composition of the Committee
The Committee Charter states that the composition should include:
- a minimum of three members, the majority of whom must be independent, and
- a Chairman who is an independent Director.

Committee membership is disclosed in the Directors Report included as part of the Annual Report along with details of meetings attended. Membership is consistent with the composition requirements of the Charter and the recommendations of the ASXCGC Principles.

SELECTION, APPOINTMENT, INDUCTION AND CONTINUING DEVELOPMENT PROCESSES
Directors must retire at the third AGM following their election or most recent re-election. At least one third of Directors must stand for election at each AGM. Any Director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Re-appointment of Directors by rotation is not automatic (the above retirement and re-election provisions do not apply to the Managing Director).

All Directors are subject to an annual performance evaluation process. All notices of meeting at which a Director is standing for election or re-election are accompanied by information to enable shareholders to make an informed decision.

The Board has developed a structured process for selection and appointment of new Directors to the Board. As part of this procedure, the Board has committed to:
- the evaluation and identification of the diversity, skills, experience and expertise that will best complement Board effectiveness
- the development of a competencies review process for identifying and assessing Director competencies
- the conduct of a competencies review of the Board before a candidate is recommended for appointment

- the periodic review of the Board's succession plan.

The board has agreed that its membership should reflect a mix of:

- experience across relevant industries, including resources and infrastructure
- involvement in relevant activities, for example, mining, constructing and investing activities
- a variety of technical skills and expertise, for example, engineering, project management, accounting, finance, legal, risk management, human resources and business development; and
- a diversity of backgrounds, previous work roles and educational qualifications.

As part of the induction process, meetings are arranged with other Board members and key executives prior to the Director's appointment.

All Directors are expected to maintain the skills required to discharge their obligations to the Group. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Group where appropriate.

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the Annual Report is set out in the Directors Report included in the Annual Report.

ASXCGC Principles: Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

The Board will undertake an annual performance evaluation that reviews:

- performance of the Board against the requirements of the Board Charter;
- performance of Board Committees against the requirements of their respective Charters;
- individual performances of the Chair, Managing Director, Directors, and Chief Executive Officer and
- The Board Charter, the Committee Charters and the procedures of the Board with a view to continuous improvement.

The Board commences the annual performance evaluation in June each year in accordance with this process. The evaluation of Directors other than the Chief Executive Officer and Managing Director is concluded in July each year. The annual performance evaluation for the Chief Executive Officer and Managing Director is usually conducted in August each year.

COMPANY SECRETARY
The Company Secretary plays an important role in supporting the effectiveness of the Board by monitoring that Board policy and procedures are followed, and co-ordinating the timely completion and despatch of Board agenda and briefing material. The responsibilities of the Company Secretary are stated in the Board Charter.

All Directors have access to the Company Secretary.

The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Companies should actively promote ethical and responsible decision-making.
ASX Principles: Recommendation 3.1: Companies should establish and disclose a Code of Conduct or a summary of the Code as to certain specified matters.

CODE OF BUSINESS ETHICS AND CONDUCT
Brierty has adopted a Code of Business Ethics and Conduct that applies to its Directors, management and employees and which seeks to establish the minimum standards the Board believes are necessary to maintain the highest level of confidence for all stakeholders in the integrity of the Brierty group. This Code also sets out the practices necessary to take into account Brierty's legal obligations and the reasonable expectations of the Group's stakeholders, as well as the responsibiltiy and accountability of individuals for reporting and investigating reports of unethical practices.

Brierty has also adopted a Whistle-blower Policy which provides employees, directors and sub-contractors with the means to report to an independent organization work-related conduct which they reasonably believe to be corrupt, unethical or illegal.

Both the Code of Business Ethics and Conduct and the Whistle-blower Policy are published on the Group's website.

SECURITIES DEALING POLICY
The Board has adopted a Securities Dealing Policy that is binding on all Directors, employees, contractors, consultants and advisers to Brierty. The Policy is intended to assist in maintaining market confidence in the integrity of dealings in the Group's securities.

This Policy is provided to all new employees at induction. The Group will obtain a periodic acknowledgement from members of the management team of their compliance with this policy.

This Policy is published on the website.

ASX Principles: Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

ASX Principles: Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

ASX Principles: Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the board.

Brierty has adopted a Diversity Policy which reflects the Group's objective to have a leadership and workforce that reflects the diversity of the broader communities in which we operate. The policy requires the board to establish measurable objectives for achieving diversity and for the board to assess annually both the objectives and progress in achieving them. The objectives and progress towards achieving them are disclosed in the annual report.

As at the date of this report the assessment of progress towards achieving these objectives has not yet been completed. Further information will be disclosed in the Annual Report.

The Diversity Policy is published on the Group's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Companies should have a structure to independently verify and safeguard the integrity of the Company's financial reporting.
This structure is required to be one of review and authorisation designed to ensure the truthful and factual presentation of the Group's financial position.

It is expected to include:
- the review and consideration of the financial statements by the Audit Committee
- a process to ensure the independence and competence of the Group's external auditors.

AUDIT COMMITTEE
ASX Principles: Recommendation 4.1: The Board should establish an Audit Committee.
ASX Principles: Recommendation 4.2 recommends the appropriate Committee structure.
ASX Principles: Recommendation 4.3 states that the Committee should have a formal Charter.

The Board has established an Audit Committee to assist the Board in discharging its oversight responsibilities and has adopted a formal Charter that sets out the Committee's role and responsibilities, composition and membership requirements.

The role of the Audit Committee includes to:
- review the integrity of management's presentation of the Group's financial position;
- review the integrity of management reporting on Group performance in all other key operational compliance areas subject to external audit, and
- ensure the independence and competence of the Group's external auditors.

COMPOSITION OF THE COMMITTEE
The Board has determined that the Audit Committee should comprise:
- at least three members
- a majority of independent non-executive directors
- an independent chair who is not the Chair of the Board.

In addition, the Audit Committee should include:
- members who are financially literate ie able to read and understand financial statements
- at least one member with relevant qualifications and experience, ie a qualified accountant or other finance professional with experience of financial and accounting matters
- at least one member with an understanding of the industry in which the entity operates.

Committee membership is disclosed in the Directors Report included as part of the Annual Report along with details of meetings attended. Membership is consistent with the composition requirements of the Charter and the ASX Principles.

The Charter is published on the Group's website. The website also contains information on the procedures for the selection and appointment of the external auditor and for the rotation of external audit partners.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Companies should promote timely and balanced disclosure of all material matters concerning the Company.

The Group is committed to ensuring that:
- all investors have equal and timely access to material information concerning the Group – including its financial situation, performance, ownership and governance
- Group announcements are factual and presented in a clear and balanced way.

ASX Principles: Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary thereof.

The Board has adopted a Continuous Disclosure Policy which has been published on the Group's website.

The Company Secretary is the principal person for communications with the ASX.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.
ASX Principles: Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary thereof.

The Group is committed to effective communications with its shareholders, providing them with understandable and accessible information about the Group and facilitating shareholder participation at general meetings.

The Board has established a Shareholder Communications Policy, its purpose being to set out how the Group:
- communicates with its shareholders
- provides ready access for shareholders and investors to balanced and understandable information about the Group and its corporate proposals
- manages its communications with analysts or media
- facilitates shareholder participation at its general meetings.

The Shareholder Communications Policy is published on the Group website.

ELECTRONIC COMMUNICATIONS
The Group will take advantage wherever practicable of new technologies to facilitate communications with shareholders. The Group maintains an up-to-date website on which all ASX and media announcements are posted.

EXTERNAL AUDITOR'S AGM ATTENDANCE
The external auditor is required to attend the Group's AGM and to respond to questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Companies should establish a sound system of risk oversight and management and internal control.
RISK MANAGEMENT POLICY
ASX Principles: Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of these policies.

The Group has adopted a Risk Management Policy, the primary objective of which is to ensure that the appropriate culture, processes and structures are established and maintained.

This Policy is published on the Group's website.

RISK AND COMPLIANCE COMMITTEE
ASX Principles: Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

The Group has established a Risk and Compliance Committee and adopted a Charter that sets out the committee's role and responsibilities, composition and membership requirements.

The responsibilities of this Committee include assisting the Board in its oversight role of:
- the implementation and review of risk management and related internal compliance and control systems throughout the Group;
- the Group's policies, programs and procedures to ensure compliance with relevant laws, the Group's Code of Conduct and other relevant standards; and
- the establishment and ongoing review of the Group's corporate governance policies, procedures and practices.

The Board require management to design and implement an appropriate risk management and internal control system and to report to it, directly, or through the Risk and Compliance Committee, as to the effectiveness of the Group's management of its material business risks.

The Chief Executive Officer/Managing Director is required to report on the progress of, and on all matters associated with, risk management as a standing item at each Board meeting. The Chief Executive Officer/Managing Director is to report to the Board as to the effectiveness of the Group's material business risks at least annually. Management have reported to the Board during the year in accordance with these requirements.

Brierty has established a sound risk management foundation that will be developed and enhanced over time to meet best practice standards.

COMPOSITION OF THE COMMITTEE
The Board has determined that the Risk and Compliance Committee should comprise:
- at least three members, with at least one being represented on the Audit Committee
- an independent chair, who is not the Chair of the Board.

Committee membership is disclosed in the Directors Report included as part of the Annual Report along with details of meetings attended. Membership is consistent with the composition requirements of the Charter.

A copy of this Committee's Charter is on the Company's website.

ASX Principles: Recommendation 7.3: The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.

The Board has received an assurance from the Chief Executive Officer/Managing Director and Chief Financial Officer that there is a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.

PRINCIPAL 8: REMUNERATE FAIRLY AND RESPONSIBLY

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

NOMINATION AND REMUNERATION COMMITTEE

ASX Principles: Recommendation 8.1: The Board should establish a Remuneration Committee.

The Board has established a Nomination and Remuneration Committee and adopted a Charter that sets out the committee's role and responsibilities, composition and membership requirements.

Remuneration responsibilities:
The role of the Nomination and Remuneration Committee when carrying out its Remuneration responsibilities includes:

- the remuneration of the Chief Executive Officer and Managing Director;
- the remuneration of any other executive director and the Company Secretary;
- an appropriate executive remuneration and incentive policy that demonstrates a clear relationship between performance and remuneration;
- a review and recommendation on remuneration by gender
- equity-based executive and employee incentive plans including the reporting of valuations of equity issued under those plans;
- superannuation arrangements;
- recruitment, retention, succession planning, performance measurement and termination policies and procedures for the Chief Executive Officer/Managing Director, any other executive director, the Company Secretary and direct reports to the Chief Executive Officer/Managing Director;
- the remuneration of directors, including
  - compliance with the director remuneration disclosure obligations
  - obtaining shareholder approval of total remuneration payable to non-executive directors
  - determining when and if shareholder approval is required for equity components of executive director remuneration
  - monitoring remuneration paid to non-executive directors to ensure the aggregate of remuneration paid does not exceed shareholder approved limits
  - ensuring the nature of the remuneration paid to non-executive directors is consistent with the recommended good governance guidelines for non-executive director remuneration.
- Compliance with the reporting requirements relating to the remuneration of directors and key executives as required by ASX Listing Rules, Accounting Standards and the Corporations Act.

ASX Principles: Recommendation 8.2: The remuneration committee should be structured so that it consists of a majority of independent directors; is chaired by an independent director and has at least three members.

The composition requirements for and membership of this committee meet the above requirements.

Committee membership is disclosed in the Directors Report included as part of the Annual Report along with details of meetings attended.

A copy of this Committee's Charter is on the Group's website.

ASX Principles: Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

EXECUTIVE REMUNERATION
The Board periodically reviews executive remuneration practices with a view to ensuring there is an appropriate balance between fixed and incentive pay, and that the balance reflects short and long term performance objectives appropriate to the Group's circumstances and goals.

The Group's Securities Dealing Policy (referred to above and available from the Group's website) contains a prohibition on certain designated officers entering into transactions in associated products which limit the economic risk of participating in unvested entitlements or any equity based remuneration schemes.

Executive remuneration will be published in the Remuneration Report in the Group's Annual Report each year (including the Remuneration Report contained in this Annual Report).

NON-EXECUTIVE DIRECTOR REMUNERATION
ASX guidelines for appropriate practice in non-executive director remuneration are that non-executive directors should:
- normally be remunerated by way of fees (in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity)
- not normally participate in schemes designed for the remuneration of executives
- not receive options or bonus payments
- not be provided with retirement benefits other than superannuation.

The Group's current practice for remunerating non-executive directors is consistent with these guidelines.

The details of Directors' remuneration are set out in the Remuneration Report contained in the Annual Report.

REMUNERATION POLICY DISCLOSURES
Disclosure of the Group's remuneration policies is best served through a transparent and readily understandable framework for executive remuneration that details the costs and benefits.

The Group intends to meet its transparency obligations in the following manner:
- publishing a detailed Remuneration Report in the Annual Report each year
- continuous disclosure of employment agreements with key executives where those agreements, or obligations falling due under those agreements, may trigger a continuous disclosure obligation under ASX Listing Rule 3.1.
- presentation of the Remuneration Report to shareholders for their consideration and non-binding vote at the Group's AGM
- taking into account the outcome of the non-binding shareholder vote when determining future remuneration policy and
- responding to shareholder questions on policy and practice in a frank and open manner.

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Brierty Limited and the entity it controlled at the end of, or during, the year ended 30 June 2012.

Directors
The following persons were directors of Brierty Limited during the whole of the financial year and up to the date of this report (unless otherwise stated):

D L Gooding
P McBain (appointed 28 November 2011)
A R Brierty
K J Hellsten
R J O'Shannassy (appointed 26 September 2011)
R J McKinnon (resigned 25 September 2011)

Principal activities
The principal continuing activity of the Group was civil and mining contracting and land development activities.

(a) Civil - Major highway and road construction, railway formation, airport runways, site works, concrete and pavement works, earthworks, drainage and service installation, sewer reticulation, roadworks and subdivisional infrastructure for the creation of housing lots.

(b) Residential land development - The subsidiary company, Bellamack Pty Ltd, engages in residential land development activities in Darwin, Northern Territory.

(c) Mining - Surface mining; Site preparation including stripping overburden; site works for building infrastructure, road works, tailings dams, residue disposal areas and airstrips.

Dividends - Brierty Limited
Dividends paid to shareholders during the financial year were as follows:

	2012 $	2011 $
Final dividend for the year ended 30 June 2011 (as recommended in the 2011 financial report) of nil (2010 - 1 cent) fully franked based on tax paid @ 30%.	**-**	1,100,000
Interim dividend for the year ended 30 June 2012 of 1 cent (2010 - 0.5 cents) per share paid 04 April 2012 (2011 - 31 March 2011), fully franked based on tax paid @ 30%.	**1,100,000**	550,000
	1,100,000	1,650,000

The directors have recommended that the final dividend for the year ending 30 June 2012 be 1.75 cents per share (2011 - nil), fully franked based on tax paid @ 30%.

Review of operations
The Group reported a net profit after tax for the year of $9,442,474 (2011 $93,569).

A review of operations and results for the financial year to 30 June 2012 is set out on page 3 to 5 in this Annual Financial Report.

Significant changes in the state of affairs
There have been no significant changes in the state of affairs of the company or the group during the financial year.

Matters subsequent to the end of the financial year
There have been no matters that have arisen since 30 June 2012 that have or may significantly affect the operations results or state of affairs of the Group in future financial periods.

Likely developments and expected results of operations
Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this financial statements because the directors believe such disclosure to competitors would be likely to result in unreasonable prejudice to the Group.

Environmental regulation
The Group's operations are subject to significant environmental regulation under Commonwealth and State legislation, there have not been any breaches of significant environmental regulations and there were no fines or penalties imposed upon the Group during the year.

Information on directors
D L Gooding. *Chairperson & Non-executive director.* Age 57.
Experience and expertise
Independent Chairman. Dalton was formerly a long standing partner at Ernst & Young and is a Fellow of the Institute of Chartered Accountants in Australia. He has over 30 years experience and is currently the Managing Partner of Gooding Partners where he advises a wide range of business with an emphasis on taxation and accounting issues, due diligence, feasibilities and general business advice. Dalton has completed a Bachelor of Business at Curtin University.

Other current directorships
Non-executive director of three other public companies: Chairman of Avita Medical Limited and Katana Capital Ltd and a Director of SIPA Resources Ltd.

Former directorships in last 3 years
Chairman of Australian Wine Holdings Ltd

Special responsibilities
Chairman of the Board
Chairman of Nomination and Remuneration Committee
Member of Audit Committee
Member of Risk and Compliance Committee

Interests in shares and options
1,562,500 ordinary shares in Brierty Limited, (at the date of this report).

P McBain. *Managing Director.* Age 47.
Experience and expertise
Peter has over 20 years experience and knowledge in the civil infrastructure construction and mining sectors from both a contractor and client's perspective. Most recently, Peter was General Manager - Development for the Gindalbie Metals' Karara Mining Project. Previously Peter held general management roles at NRW and HWE Mining overseeing projects for clients including BHP Billiton, Fortesque Metals Group, Rio Tinto, Portman and Main Roads WA. His highly valued experience and unique mix set of skills is a great asset for Brierty's growth strategy.

Other current directorships
None.

Former directorships in last 3 years
None.

Special responsibilities
None.

Interests in shares and options
600,000 ordinary shares in Brierty Limited, (at the date of this report).
5,000,000 options over ordinary shares in Brierty Limited, (at the date of this report).

A R Brierty. *Non-executive director.* Age 63.
Experience and expertise
Alan founded the business in 1981 and has been a central part of its operations and growth since that time. He has focussed on building a successful company through the delivery of excellent service to customers and through strategic vision setting goals for employees and the Group. Alan has 30 years experience in the civil contracting industry.

Other current directorships
None.
Former directorships in last 3 years
None.

Special responsibilities
Member of Nomination and Remuneration Committee
Member of Risk and Compliance Committee

Information on directors (continued)

Interests in shares and options
22,447,500 ordinary shares in Brierty Limited.

K J Hellsten. *Non-executive director.* Age 54.

Experience and expertise
Independent non-executive director. Ken has over 30 years experience in the resources industry. He has been employed in senior executive roles ranging from exploration to development to operations with both large multi-national and smaller resource companies. He is currently the managing director of Strike Resources Limited. Prior to that he was the managing director or Polaris Metals NL and of Ironclad Mining Limited.

Other current directorships
Strike Resources Limited

Former directorships in last 3 years
None

Special responsibilities
Member of Nomination and Remuneration Committee.
Member of Audit Committee.

Interests in shares and options
120,000 ordinary shares in Brierty Limited, (at the date of this report).

R J O'Shannassy. *Non-Executive Director.* Age 56.

Experience and expertise
Independent non-executive director. Richard is a commercial lawyer with over 25 years experience in the mining and energy sectors. He has advised resource companies on a broad range of corporate and commercial matters while in a private legal practice. He has also held in-house roles as General Counsel and Company Secretary for Hardman Resources Limited, BHP Iron Ore and Mt Newman Mining Co Pty Limited. He has served on mining industry committees over a number of years and is also a member of the Law Society of WA (Inc.) and the Australian Mining and Petroleum Law Association Inc. He is currently a non-executive director of Minemakers Limited.

Other current directorships
Minemakers Limited.

Former directorships in last 3 years
Non-executive director of Key Petroleum Ltd

Special responsibilities
Chairman of Audit Committee.
Member of Nomination and Remuneration Committee.

Interests in shares and options
No ordinary shares in Brierty Limited, (at the date of this report).

Company secretary
At 30 June 2012 the company secretary was Mr A Bevan. Subsequent to the year end Mr Bevan resigned as company secretary and Mr J Sicard was appointed to the position of company secretary. Mr Sicard holds a Bachelor of Economics and Laws, is admitted to the Western Australian Supreme Court.

Meetings of directors
The numbers of meetings of the Group's board of directors and of each board committee held during the year ended 30 June 2012, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees: Audit		Nomination & Remuneration		Risk & Compliance	
	A	B	A	B	A	B	A	B
D L Gooding	12	12	2	2	1	1	2	2
P McBain (appointed 28 November 2011)	8	8	-	-	-	-	2	2
A R Brierty	12	12	-	-	1	1	1	2
K J Hellsten	10	12	2	2	1	1	-	-
R J O'Shannassy (appointed 26 September 2011)	10	10	1	1	1	1	2	2
R J McKinnon (resigned 25 September 2011)	2	2	1	1	-	-	1	1

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

Remuneration report (Audited)
This remuneration report for the year ended 30 June 2012 outlines the remuneration arrangements of the Group in accordance with the requirement of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

For the purposes of this report, the term "Key Management Personnel" includes the Managing Director, Chief Financial Officer (CFO) and executives who have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the company.

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation

A Principles used to determine the nature and amount of remuneration (audited)
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 Group performance, and conforms with market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

The performance hurdles considered by the Board in determining short term and long term incentives for executives include earnings and earnings per share.

The following information and historical Group performance is provided.

	Net Profit/(Loss) after Tax	EPS (cents)	Share Price at 30 June
FY 2012	9,442,474	8.58	35 cents
FY 2011	93,569	0.08	30 cents
FY 2010	5,002,611	4.54	27 cents
FY 2009	6,764,915	6.15	26.5 cents
FY 2008	(1,335,802)	(1.37)	30 cents

The Board has established a remuneration committee which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors. The Corporate Governance Statement provides further information on the role of this committee.

Remuneration report (Audited) (continued)

A Principles used to determine the nature and amount of remuneration (audited) (continued)

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are to be reviewed annually by the Board. The Board will also consider the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees will be determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman will not be present at any discussions relating to determination of his own remuneration.

To ensure the remuneration committee is fully informed when making remuneration decisions, it seeks external remuneration advice, and as required remuneration recommendations, free from undue influence by members of the key management personnel, to whom the recommendations may relate.

During the 2012 year the Board received advice from Gerard Daniels on board remuneration (for which it paid a fee of $15,000) and based on this advice the base fees for non-executive directors was increased to the values outlined below.

Directors' fees

The current base remuneration was last reviewed with effect from 1 July 2012. The Chairman's remuneration is inclusive of committee fees while other non-executive directors who chair, or are a member of, a committee receive additional yearly fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $500,000 per annum and was approved by shareholders at the Annual General Meeting on 27 October 2007.

	From 1 January 2009
Base fees (including superannuation)	
Chairman	$125,350
Chair of Audit Commitee	$87,200
Other non-executive directors	$76,300

The directors' fees for the coming year have been changed as shown below:

	From 1 July 2012
Base fees (including superannuation)	
Chairman	$140,000
Chair of Audit Committee	$90,000
Other non-executive directors	$80,000
Additional fees	
Deputy chairman	$5,000
Nomination committee – chairman	$5,000

Executive pay

The executive pay and reward framework in the 2012 Financial Year comprised of:

- base pay and benefits, including superannuation
- short-term performance incentives, and
- long-term incentives through the issue of options.

The Board has reviewed the short-term performance incentives and the long-term equity linked performance incentives for executives during the year. Short-term performance incentives have been introduced for executives and senior management for financial year 2013.

Base pay

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any executives' contracts.

Remuneration report (Audited) (continued)

A Principles used to determine the nature and amount of remuneration (audited) (continued)

Benefits

Executives can receive benefits including a company vehicle.

Superannuation

Retirement benefits are delivered under the Superannuation Guarantee Charge. Other retirement benefits may be provided directly by the group if approved by shareholders.

Short-term incentives

Specific criteria for the Short Term Incentive Program (STIP) have been formulated for executives and senior management by the Nomination and Remuneration Committee. The STIP is a formal structured reward program in which participation is by way of written personal invitation from the Managing Director on an annual basis. The Brierty Board has the sole discretion on who shall participate in the scheme.

The STIP has been designed to:

- Help Brierty compete in the employment market.
- Focus key staff on the achievement of financial and business targets that Brierty believes will lead to sustained and improved business performance.
- Establish a direct link between business performance and personal reward.
- Recognise the contributions individuals make to the success of the business and to reward superior performance.

Criteria for payment of incentives is based on financial performance objectives ('profit after tax' compared to budgeted amounts), non-financial measures that vary with position and responsibility and include such aspects as safety performance, achieving strategic outcomes, customer relationship management, staff development and Indigenous employment and engagement.

At the end of the financial year the remuneration committee will assess the actual performance of the company and the individual against the measures determined at the beginning of the period. A percentage of the pre-determined maximum amount will be awarded depending on the extent to which the individual exceeded the performance measures. No incentive payment is awarded where performance falls below the minimum expectations.

The remuneration committee recommends the cash incentive to be paid to the individuals for approval by the board, where applicable.

The short-term incentive payments may be adjusted up or down in line with under or over achievement against the target performance levels. This is at the discretion of the remuneration committee.

The STI target annual payment is reviewed annually.

Short term incentive payments accrued during this financial year totalled $716,000 (2011 - $125,000), based on current year results. The maximum amount of incentive payments that could have been paid during the year was $1,036,175.

Long-term incentives

Specific criteria for the payment of long-term incentives have been formulated for executives and senior management by the Nomination and Remuneration Committee.

The long-term incentive targets are based on the short-term incentive targets.

Options are issued at the Board's discretion.

On 7 March 2011 options were issued to the Managing Director on the following terms:

Continous employment options.

15% of the options (being 750,000) will become capable of exercise provided that Mr McBain remains in the continuous employment of the Group as follows:

- 250,000 options become capable of exercise from 7 March 2012 (at an exercise price of $0.451 per option) provided he has been in continuous employment for 1 years;
- 250,000 options become capable of exercise from 7 March 2013 (at an exercise price of $0.601 per option) provided he has been in continuous employment for 2 years; and

Remuneration report (Audited) (continued)

A Principles used to determine the nature and amount of remuneration (audited) (continued)

- 250,000 options become capable of exercise from 7 March 2014 (at an exercise price of $0.751 per option) provided he has been in continuous employment for 3 years

No performance conditions were attached to these options as they were issued with the aim of incentivising the Managing Director to remain in employment with the Group in the medium term.

Performance based options.

The remaining 85% of the options (being 4,250,000) will become capable of exercise subject to the achievement of key performance indicator (KPI) based performance hurdles. Performance against the various KPI's will be assessed by the Board on a rating scale which will determine the number of options that become capable of exercise up to a maximum of the following:

- Up to 1,416,666 options (subject to achievement of KPI's) become capable of exercise from 30 September 2012 (at an exercise price of $0.451 per option); and

- Up to 1,416,667 options (subject to achievement of KPI's) become capable of exercise from 30 September 2013 (at an exercise price of $0.601 per option); and

- Up to 1,416,667 option (subject to achievement of KPI's) become capable of exercise from 30 September 2014 (at an exercise price of $0.751 per option).

Any options that have become capable of exercise, but have not been so exercised, will expire on 7 September 2017.

Seventy five per cent of the performance based options are based on achieving a target net profit after tax, and twenty five per cent are based on other criteria determined by the Board. These performance conditions are subject to annual review and assessment by the Board.

These terms were chosen as it was believed these would best align the Managing Director's performance with Group objectives.
Satisfaction of the performance conditions are assessed by the Chairman and Deputy Chairman of the Board on a rating scale that determines the percentage of options capable of exercise.

The Group's Securities Dealing Policy contains a prohibition on certain designated officers (which includes the executive and Directors) entering into contracts to hedge their exposure to shares granted as part of their remuneration package.

B Details of remuneration (Audited)

Amounts of remuneration

The key management personnel of the Group includes the directors of the Company as per pages 17 to 18 above and the following executives who have authority and responsibility for planning, directing and controlling the activities of the Group:

- A G Bevan - General Manager, Commercial (Resigned effective 31 August 2012)
- M Braghieri - General Manager, Land (Commenced 20 September 2009)
- S Collins - General Manager, Civil (Commenced 7 November 2011)
- M Sloan - General Manager, Urban Infrastructure (Commenced 28 July 2003)
- D Cappelluti - General Manager, Plant (Commenced 16 April 2007).

Changes since year-end

A Bevan resigned from the positon of General Manager, Commercial and Company Secretary. Mr J Sicard was appointed Company Secretary on 26 July 2012.

Remuneration report (Audited) (continued)
B Details of remuneration (continued)
Amounts of remuneration (continued)
Key management personnel of the Group and the five highest paid executives of the company and the Group

2012	Short-term employee benefits				Post-employment benefits	Long-term benefits	Share-based payments			
Name	Cash salary and fees $	Directors Fees $	Non monetary benefits $	Cash Incentive $	Super-annuation $	Long service leave $	Options $	Termination benefits $	Total $	Performance Related %
Non-executive directors										
D L Gooding	-	115,000	-	-	10,350	-	-	-	125,350	-
R J McKinnon (resigned 25 September 2011)	-	20,000	-	-	1,800	-	-	-	21,800	-
A R Brierty	503,224	70,000	-	-	58,575	-	-	-	631,799	-
K J Hellsten	-	70,000	-	-	6,300	-	-	-	76,300	-
R J O'Shannassy (appointed 26 September 2011)	-	61,096	-	-	5,499	-	-	-	66,595	-
Sub-total non-executive directors	**503,224**	**336,096**	**-**	**-**	**82,524**	**-**	**-**	**-**	**921,844**	**-**
Executive directors										
P McBain (appointed 28 November 2011)	552,792	-	-	269,531	20,441	9,837	282,195	-	1,134,796	49
Other key management personnel (Group)										
A Bevan	329,369	-	20,000	62,683	15,769	6,485	-	-	434,306	14
M Braghieri	370,172	-	-	53,959	30,347	7,722	-	-	462,200	12
D Cappelluti	277,947	-	20,000	57,683	25,500	7,616	-	-	388,746	13
S Collins (appointed 7 November 2011)	213,029	-	-	57,768	19,761	3,662	-	-	294,220	20
M Sloan	277,783	-	20,000	48,410	25,485	10,684	-	-	382,362	13
Total key management personnel compensation (Group)	**2,524,316**	**336,096**	**60,000**	**550,034**	**219,827**	**46,006**	**282,195**	**-**	**4,018,474**	**-**

The cash incentives shown above are provisional with the balance of the accrual paid to other staff. The cash incentives become payable on approval by the Board of Directors, which is expected in August 2012 with payment expected to be made in September 2012.

Remuneration report (Audited) (continued)
B Details of remuneration (continued)
Amounts of remuneration (continued)

Key management personnel of the Group and the five highest paid executives of the Company and the Group

2011	Short-term employee benefits				Post-employment benefits		Long-term benefits	Share-based payments		
Name	Cash salary and fees $	Directors Fees $	Non monetary benefits $	Cash Incentive $	Super-annuation $	Termination Benefits $	Long service leave $	Options $	Total $	Performance related %
Non Executive Directors										
D L Gooding	-	115,000	-	-	10,350	-	-	-	125,350	-
A R Brierty	196,877	70,000	-	-	23,749	-	-	-	290,626	-
K J Hellsten	-	70,000	-	-	6,300	-	-	-	76,300	-
R J McKinnon (resigned 25 September 2011)	-	80,000	-	-	7,200	-	-	-	87,200	-
Sub-total non-executive directors	**196,877**	**335,000**	**-**	**-**	**47,599**	**-**	**-**	**-**	**579,476**	**-**
Executive directors and other key management personnel										
S Crofts (Resigned 11 August 2010)	91,386	-	-	75,000	1,842	300,000	-	(52,823)	415,405	18
P McBain (Appointed 7 March 2011)	162,314	-	-	-	14,608	-	2,770	70,548	250,240	28
A Bevan	373,871	-	20,000	-	18,568	-	5,511	-	417,950	-
M Braghieri	315,781	-	-	50,000	17,403	-	5,425	-	388,609	13
R Levitt	257,493	-	42,560	-	23,174	-	-	-	323,227	-
M Sloan	234,263	-	15,000	-	21,084	-	5,493	-	275,840	-
G Rochow (Resigned 28 January 2011)	190,459	-	-	-	15,871	-	-	-	206,330	-
Total key management personnel compensation	**1,822,444**	**335,000**	**77,560**	**125,000**	**160,149**	**300,000**	**19,199**	**17,725**	**2,857,077**	**-**

The $300,000 termination benefit paid to S Crofts was the payout of his notice period in accordance with his contract of employment.

C Service agreements
Brierty has entered into an executive service agreement with Peter McBain as Managing Director. All other key management personnel have employment contracts. The executive service agreement for the Managing Director and employment contracts:

- are not fixed term agreements and continue on an ongoing basis until terminated;
- provide for annual salary, short term incentives, superannuation contributions, annual leave and long service leave, company vehicles and other fringe benefits;
- provide for remuneration to be reviewed annually; and
- in the case of the Managing Director may be terminated by either the executive or the group giving six months' notice of termination (or in lieu). No other termination payments are due.

D Share-based compensation
Options
No options were granted during the year. The percentage of the Managing Director's remuneration for the financial year that consists of options is 33% (2011 - 28%).

In the prior year 5,000,000 options were granted to the Managing Director of which 250,000 vested in the current year (2011: nil). No options were exercised during the year (2011: nil).

Remuneration report (Audited) (continued)

D Share-based compensation (continued)

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	First exercise date	Expiry date	Exercise price per option	Value per option at grant date
7 March 2011	7 March 2012	7 March 2015	$0.45	$0.208
7 March 2011	7 March 2013	7 March 2016	$0.60	$0.216
7 March 2011	7 March 2014	7 March 2017	$0.75	$0.225
7 March 2011	30 September 2012	7 March 2015	$0.45	$0.220
7 March 2011	30 September 2013	7 March 2016	$0.60	$0.226
7 March 2011	30 September 2014	7 March 2017	$0.75	$0.234

Name	Number of options granted/ (forfeited) during the year		Number of options vested during the year	
	2012	2011	**2012**	2011
S Crofts	**-**	(5,000,000)	**NIL**	NIL
P McBain	**-**	5,000,000	**250,000**	NIL

END OF REMUNERATION REPORT

Loans to directors and executives

Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in note 28 to the financial statements.

Share options

There are 5,000,000 options for ordinary shares on issue at the end of the reporting period. No further options have been granted to the date of this report. During the year 250,000 options vested (2011: nil) but were not exercised during the year (2011: nil).

Indemnification and Insurance of Officers and Auditors

The Group has executed a deed of access, indemnity and insurance in favour of each Director. The indemnity requires the Group to indemnify each Director for liability incurred by the Director as an officer of the Group subject to the restrictions prescribed in the Corporations Act. The deed also gives each Director a right of access to Board papers and requires the Group to maintain insurance cover for the Directors.

The Group has also executed an indemnity and insurance deed in favour of certain executives of the Group. The deed requires the Group to indemnify each of these executives for liability incurred by them as executives of Brierty subject to the restrictions prescribed in the Corporations Act. The deed also requires the Group to maintain insurance cover for these executives. The total amount of insurance premiums paid during the financal year was $33,300 (2011: $33,942).

The agreements provide for the Group to pay an amount not exceeding $20,000,000 provided that the liability does not arise out of:

- any conduct or contravention in respect of which a liability is the subject of a prohibition in section 199B(1) of the Corporations Act 2001 (Commonwealth)
- the commiting of any deliberatly dishonest or deliberaely fraudulent act.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or any or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the group

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the group, or to intervene in any proceedings to which the group is a party, for the purpose of taking responsibility on behalf of the group for all or part of those proceedings.

Non-audit services
The following non-audit services were provided by the Group's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* The nature and scope of each type of non-audit services provided means that auditor independence was not compromised.

Ernst & Young received the following amounts for the provision of non-audit services:

	2012 **$**	2011 $
Tax compliance services	**22,332**	45,436
Total remuneration for non audit services	**22,332**	45,436

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 28.

Auditor
Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

D L Gooding
Chairman

P McBain
Managing Director

Perth, Western Australia
20 August 2012

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Auditor's Independence Declaration to the Directors of Brierty Limited

In relation to our audit of the financial report of Brierty Limited for the financial year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

P McIver

P McIver
Partner
Perth
20 August 2012

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	Notes	Consolidated 2012 $	2011 $
Revenue from services and land sales	5	**252,305,246**	188,390,503
Cost of providing services and land sales	7	**(219,616,247)**	(173,811,877)
Gross margin on services and land sales		**32,688,999**	14,578,626
Other income	6	**298,532**	662,025
Administration expenses, excluding finance costs	7	**(15,970,117)**	(12,119,791)
Finance costs	7	**(3,406,769)**	(2,887,698)
Profit from continuing operations before income tax		**13,610,645**	233,162
Income tax expense	8	**(4,168,171)**	(139,593)
Profit from continuing operations after income tax		**9,442,474**	93,569
Total Comprehensive income for the period		**9,442,474**	93,569

		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	36	**8.58**	0.08
Diluted earnings per share	36	**8.58**	0.08

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

	Notes	Consolidated 2012 $	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	9	**2,540,864**	3,608,433
Trade and other receivables	10	**45,101,088**	24,235,565
Contracts in progress and inventories	11	**10,514,054**	6,301,392
Prepayments		**855,386**	619,497
Current tax receivables	12	**-**	1,237,439
Land held for development	13	**16,641,449**	17,939,397
Total current assets		**75,652,841**	53,941,723
Non-current assets			
Receivables	14	**963,223**	1,579,675
Property, plant and equipment	16	**54,014,328**	41,457,472
Land held for development	15	**1,270,646**	4,511,124
Deferred tax assets	17	**852,110**	117,595
Total non-current assets		**57,100,307**	47,665,866
Total assets		**132,753,148**	101,607,589
LIABILITIES			
Current liabilities			
Trade and other payables	18	**47,294,959**	28,427,462
Borrowings	19	**7,956,587**	17,490,398
Current tax liabilities	21	**4,767,203**	-
Provisions	20	**2,586,580**	1,886,101
Contract income in advance	11	**4,328,763**	5,936,510
Total current liabilities		**66,934,092**	53,740,471
Non-current liabilities			
Borrowings	22	**19,780,479**	10,456,391
Provisions	24	**456,635**	453,454
Total non-current liabilities		**20,237,114**	10,909,845
Total liabilities		**87,171,206**	64,650,316
Net assets		**45,581,942**	36,957,273
EQUITY			
Contributed equity	25	**29,170,572**	29,170,572
Reserves	26	**282,195**	-
Retained profits	26	**16,129,175**	7,786,701
Total equity		**45,581,942**	36,957,273

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

Consolidated	Notes	**Attributable to members of Brierty Limited**			
		Contributed equity $	**Employee Equity Benefits Reserve $**	**Retained earnings $**	**Total $**
Balance at 1 July 2010		29,170,572	52,823	9,343,132	38,566,527
Profit for year		-	-	93,569	93,569
Total comprehensive income for the year		**-**	**-**	**93,569**	**93,569**
Transactions with owners in their capacity as owners					
Dividends provided for or paid	27	-	-	(1,650,000)	(1,650,000)
Share based payments - forfeiture	26	-	(52,823)	-	(52,823)
		-	(52,823)	(1,650,000)	(1,702,823)
Balance at 30 June 2011		**29,170,572**	**-**	**7,786,701**	**36,957,273**
Balance at 1 July 2011		29,170,572	-	7,786,701	36,957,273
Profit for year		-	-	9,442,474	9,442,474
Total comprehensive income for the year		**-**	**-**	**9,442,474**	**9,442,474**
Transactions with owners in their capacity as owners					
Dividends provided for or paid	27	-	-	(1,100,000)	(1,100,000)
Share based payments	26	-	282,195	-	282,195
		-	282,195	(1,100,000)	(817,805)
Balance at 30 June 2012		**29,170,572**	**282,195**	**16,129,175**	**45,581,942**

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

Brierty Limited
Consolidated Statement of cash flows
For the year ended 30 June 2012

	Notes	Consolidated 2012 $	2011 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**208,919,010**	176,652,132
Receipts from land sales - Bellamack		**45,854,092**	32,200,920
Payments to suppliers and employees (inclusive of goods and services tax)		**(191,166,976)**	(161,164,206)
Payments for Bellamack development		**(39,043,966)**	(37,855,399)
Interest received		**55,640**	-
Other revenue		**494,268**	414,466
Finance costs		**(3,406,769)**	(2,329,855)
Income taxes received / (paid)		**1,101,954**	(2,357,147)
Net cash (outflow) inflow from operating activities	35	**22,807,253**	5,560,911
Cash flows from investing activities			
Payments for plant and equipment		**(4,744,037)**	(4,302,736)
Proceeds from sale of property, plant and equipment		**918,795**	766,532
Net cash (outflow) inflow from investing activities		**(3,825,242)**	(3,536,204)
Cash flows from financing activities			
Proceeds from borrowings		**-**	5,000,000
Repayment of borrowings		**(13,913,176)**	(6,652,350)
Dividends paid to company's shareholders		**(1,100,000)**	(1,650,000)
Net cash outflow from financing activities		**(15,013,176)**	(3,302,350)
Net increase / (decrease) in cash and cash equivalents		**3,968,835**	(1,277,643)
Cash and cash equivalents at the beginning of the financial year		**(2,391,567)**	(1,113,924)
Cash and cash equivalents at end of year	9	**1,577,268**	(2,391,567)

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

1 Summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

Compliance statement
The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Financial Reporting Standards Board.

For the purposes of preparing the consolidated financial statements the company is a for profit entity.

In the current year, the Group has adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board. None have had an impact on accounting policies of the Group or presentation of the financial statements. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2012. The impact of these standards on the Groups financial statements is currently being assessed, but are not expected to have a significant impact. These are outlined below;

- AASB 2010-8*Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets*

  Application date of standard - 1 January 2012. Application date for Group - 1 July 2012.

  These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

  AASB 2011-9*Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income*

  Application date of standard - 1 July 2012. Application date for Group - 1 July 2012.

  This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.

- AASB 10*Consolidated Financial Statements*

  Application date of standard - 1 January 2013. Application date for Group - 1 July 2013.

  AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities.

  The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

  Consequential amendments were also made to other standards via AASB 2011-7.

- AASB 11*Joint Arrangements*

  Application date of standard - 1 January 2013. Application date for Group - 1 July 2013.

  AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.

  Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.

- AASB 12*Disclosure of Interests in Other Entities*

1 Summary of significant accounting policies (continued)

Application date of standard - 1 January 2013. Application date for Group - 1 July 2013.

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

- AASB 13*Fair Value Measurement*

  Application date of standard - 1 January 2013. Application date for Group - 1 July 2013.

  AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

  AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

  Consequential amendments were also made to other standards via AASB 2011-8.

- AASB 119*Employee Benefits*

  Application date of standard - 1 July 2013. Application date for Group - 1 July 2013.

  The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets.

  The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

  Consequential amendments were also made to other standards via AASB 2011-10.

- AASB 2011-4*Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*

  This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.

- AASB 1053*Application of Tiers of Australian Accounting Standards*

  Application date of standard - 1 July 2013. Application date for Group - 1 July 2013.

  This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

  (a) Tier 1: Australian Accounting Standards

  (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements

  Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

  The following entities apply Tier 1 requirements in preparing general purpose financial statements:

  (a) For-profit entities in the private sector that have public accountability (as defined in this Standard)

  (b) The Australian Government and State, Territory and Local Governments

  The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:

  (a) For-profit private sector entities that do not have public accountability

  (b) All not-for-profit private sector entities

1 Summary of significant accounting policies (continued)

(c) Public sector entities other than the Australian Government and State, Territory and Local Governments.

Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.

- AASB 2012-2*Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*

  Application date of standard - 1 January 2013. Application date for Group - 1 July 2013.

  AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

- AASB 2012-5*Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*

  Application date of standard - 1 January 2013. Application date for Group - 1 July 2013.

  This standard sets out amendments to International Financial ReportingStandards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.

  The following items are addressed by this standard:

  IFRS 1 First-time Adoption of International Financial Reporting Standards

  - Repeated application of IFRS 1

  - Borrowing costs

  IAS 1 Presentation of Financial Statements

  - Clarification of the requirements for comparative information

  IAS 16 Property, Plant and Equipment

  - Classification of servicing equipment

  IAS 32 Financial Instruments: Presentation

  - Tax effect of distribution to holders of equity instruments

  IAS 34 Interim Financial Reporting

  Interim financial reporting and segment information for total assets and liabilities

- AASB 2012-3*Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*

  Application date of standard - 1 January 2014. Application date for Group - 1 July 2014.

  AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

- AASB 9*Financial Instruments*

  Application date of standard - 1 January 2015. Application date for Group - 1 July 2015.

  AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.

  These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.

1 Summary of significant accounting policies (continued)

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

> The change attributable to changes in credit risk are presented in other comprehensive income (OCI)

> The remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.

Historical cost convention
These financial statements have been prepared under the historical cost convention in Australian dollars.

Critical accounting estimates
The preparation of financial statements in conformity with Accounting Standards and Interpretations requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Principles of consolidation

(i) Subsidiary
The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Brierty Limited ("Group") as at 30 June 2012 and the results of the subsidiary for the year then ended. Brierty Limited and its subsidiary together are referred to in this financial report as the Group or the consolidated entity. Details of the subsidiary are provided in note 33.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(c) Segment reporting

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 relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the Group's 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. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided in the chief operating decision makers - being the executive management team and the Board.

1 Summary of significant accounting policies (continued)

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(d) Foreign currency translations and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(e) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Construction contracting
Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a construction contract, the excess of total expected contract costs over total expected contract revenue is recognised as an expense immediately.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

For fixed price contracts, the stage of completion is measured by reference to the proportion of the contract work physically performed for each contract. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus the percentage of fees earned. The percentage of fees earned is measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Claims and variations are only recognised when they are considered certain of recovery if negotiations have reached an advanced stage or the customer has agreed or approved the claim.

(ii) Hire of equipment
Revenue is recognised for hire of equipment over the contract period.

(iii) Sale of Land
Revenue and profits from the sale of blocks from completed stages of land subdivision are recognised on settlement of the sale. This represents the point when risks and rewards have passed to the buyer.

(iv) Interest income
Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) Dividends
Dividends are recognised as revenue when the right to receive payment is established.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

1 Summary of significant accounting policies (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation
Brierty Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Brierty Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Brierty Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 8.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(g) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) *Group as a lessee*

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(ii) *Group as a lessor*

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1 Summary of significant accounting policies (continued)

(h) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition - date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to the former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(i) Impairment of assets

The group does not currently have goodwill and intangible assets. Accordingly all relevant assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(k) Trade receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income within 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expense in the statement of comprehensive income.

1 Summary of significant accounting policies (continued)

(l) Inventories

(i) Fuel, spares and major components
Stock of fuel, spares and major components are stated at the lower of cost and net realisable value. Cost of fuel and spares comprises purchase cost determined after deducting rebates and discounts and assigned on a first-in, first-out basis. The cost of major components can include direct materials, direct labour. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Construction work in progress
Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

(iii) Land held for resale
Land held for development and resale is stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(m) Property, plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated using the diminishing value basis over the estimated useful lives of the specific assets, as follows:

	2012	2011
- Plant & Equipment	3-9 years	3-9 years
- Motor Vehicles	4-5 years	4-5 years
- Office Furniture and Equipment	1-9 years	1-9 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(n) Trade and other payables

Trade and other payables are carried at amortised cost due to their short term nature. These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

1 Summary of significant accounting policies (continued)

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

(p) Borrowing costs

All borrowing costs, other than borrowing costs for qualifying assets, are recognised in the consolidated statement of comprehensive income in the period in which they are incurred. The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 10.6%.

(q) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

(r) Employee benefits

(i) Wages and salaries, annual leave and productivity payments
Liabilities for wages and salaries, including non-monetary benefits, annual leave and site specific productivity payments due to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments
Share-based compensation benefits are provided to employees via the Brierty Limited Employee Option Plan and an employee share scheme. Information relating to these schemes is set out in note 37(a).

The fair value of options granted under the Group's Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Binomial model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

1 Summary of significant accounting policies (continued)

(s) Contributed equity

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(t) Dividends

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

(u) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2 Financial risk management

The Group's principal financial instruments comprise cash and cash deposits, receivables, payables, bank overdrafts and hire purchase liabilities.

Exposure to credit, interest rate and currency risks arise in the normal course of the Group's business. The Group's policy and objectives remain unchanged from prior years.

Primarily the Group aims to ensure that financial security is maintained and capital availability is appropriate to all stakeholders. In this respect debt borrowings are driven by balancing cash, short term borrowings and longer term capital financing of the entity.

The Group's key management personnel report to the Risk & Compliance Committee and Board regularly on the progress and objectives of the risks and the associated corporate governance policy objectives. The Group aims to reduce risk where commercially possible. In this regard the risk management covers at least the risks associated with market, liquidity and credit activity.

The Group hold the following financial instruments at balance date:

	Consolidated	
	2012	2011
	$	$
Financial assets		
Cash and cash equivalents	**2,540,864**	3,608,433
Trade and other receivables	**46,919,697**	26,434,737
	49,460,561	30,043,170
Financial liabilities		
Trade and other payables	**47,294,959**	28,427,462
Borrowings	**27,737,066**	27,946,789
	75,032,025	56,374,251
Gross amounts due from customers		
Work in Progress	**6,246,618**	2,553,596
	6,246,618	2,553,596

(a) Market risk

(i) Foreign exchange risk
The Group has occasional exposure to foreign exchange and currency exposure by virtue of the purchase price of new capital equipment being denominated in overseas currency. Where possible the Group seeks to limit this risk by fixing the exchange rate at the time of placing the order, by entering into a forward foreign exchange contract. There is no exposure to foreign exchange or currency risk at year end.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

(ii) Interest rate risk management
The Group employs a mixture of fixed and variable borrowings to manage both cash and long term capital purchases. This risk is managed by utilising fixed hire purchase contracts predominantly for capital purchases. It provides a fixed result with little risk of change.

The impact of a 1% (2011: 1%) increase or decrease in interest rate on cash on deposit and overdraft (being the only financial assets or liabilities subject to Australian variable interest risk rate) would be a profit and equity increase or decrease of approximately $15,773 per annum (2011: $23,916).

The Group does not enter into any specific swaps or hedges to cover any interest rate volatility. Predominantly the only interest rate exposure on financial liabilities is on the bank overdraft (when utilised). The Group is potentially exposed to continued rate rises should they occur and also to locking in fixed finance contracts in an increasing interest rate environment should rates then fall. In management's opinion however, Australia is currently experiencing a relatively low interest rate environment with an expectation of only moderate increases in the next 12 months. Interest rate risks are considered manageable.

2 Financial risk management (continued)

	30 June 2012		30 June 2011	
	Weighted average interest rate %	**Balance $**	Weighted average interest rate %	Balance $
Bank overdrafts (variable)	**10.6 %**	963,596	11.1 %	6,000,000

(b) Credit risk

Trading terms for customers is typically an average of 30 days and it is considered normal to have receivables paid within 60 day terms. Cash retentions held for performance guarantees are generally held for up to 12 months from practical completion. Revenue is generally only recorded once the claim has been approved by the client. These amounts form a portion of current receivables.

Where terms are exceeded interest can be charged on late payments. Management follow a strict credit policy as part of day to day cash flow management. The credit worthiness of customers is considered at contract negotiation stage.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at the reporting date is addressed in the trade and other receivables note.

Management ensures concentration of credit risk is managed by having a wide variety of customers so no one customer has a material impact on outstanding receivables.

Cash is held with recognised financial institutions which management believes appropriately manages the credit risk of these assets.

(c) Liquidity

Cash is monitored daily and ensures the Group will be able to pay its debts as and when they fall due. Borrowings form part of this. However, operating cash flows are primarily used to cater for general day to day costs. Cash flows will also include dividend and tax disbursements as required. Asset purchases for long term use are generally placed under hire purchase, fixed rate payment cycles. This provides a good risk profile and generally terms do not exceed 4 years.

The Group's banker imposes certain debt covenants relating to gearing (gearing ratios at year end are detailed in Note 25). The Board discuss with management its capital requirements and borrowings to date. This is aimed at balancing the needs of all stakeholders and providing sufficient capital needs for meeting contractual obligations and driving strategic growth.

The following summary of effective interest rates and maturities on financial liabilities is provided:

Maturity analysis of financial liabilities based on contractual terms.

Group	**Less than 6 months**	**6 - 12 months**	**Between 1 and 5 years**	**Over 5 years**
2012 Financial Liabilities				
Trade & other payables	47,294,964	-	-	-
Hire Purchase Liabilities	4,525,767	4,128,363	22,073,377	-
Bank overdraft	972,091	-	-	-
Related party loan	-	-	-	-
Total	52,792,822	4,128,363	22,073,377	-

2 Financial risk management (continued)

Group	Less than 6 months	6 - 12 months	Between 1 and 5 years	Over 5 years
2011 Financial Liabilities				
Trade & other payables	28,427,462	-	-	-
Hire Purchase Liabilities	4,058,027	3,567,688	12,042,366	-
Bank overdraft	-	6,163,679	-	-
Related party loan	-	5,097,625	-	-
Total	32,485,489	14,828,992	12,042,366	-

(d) Fair value estimation

The directors as in prior years, consider that the carrying amount of financial assets and financial liabilities other than hire purchase liabilities (refer to note 22(e)) recorded in the financial statement continue to approximate their fair values.

All financial assets and liabilities are payable within a year with the exception of retentions and hire purchase liabilities which are payable in accordance with the disclosures set out in Note 31.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Construction Work in Progress
Essentially these amounts comprise of costs incurred, but not billed at 30 June 2012. The claims process is such that the client of the Group needs to review and agree the line items submitted by the Group in its claim. Some of these amounts comprise variations, and scope beyond the initial contract. The process requires the client to accept or come to an arrangement with the Group for these types of claims. The directors have chosen a conservative approach and measure and capture only those costs which are considered certain of recovery if negotiations have reached an advanced stage or the customer has agreed or approved the claim.

For fixed price contracts, the stage of completion is measured by reference to the proportion of the contract work physically performed for each contract. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus the percentage of fees earned. The percentage of fees earned is measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

(ii) Income Tax
The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(iii) Recovery of Deferred Tax Assets
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(iv) Estimation of Useful Lives of Assets
The estimation of the useful lives of assets has been based on historical experience as well as manufacturer's warranties for plant and equipment, lease terms for leased equipment and turnover policies for motor vehicles. In addition the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

(v) *Impairment*

3 Critical accounting estimates and judgements (continued)

The Group carries no goodwill and all assets are depreciated using diminishing value method. Impairment of the Group's non monetary assets is determined by assessing the recoverable amount of the cash-generating unit (considered to be the Group as a whole). Based on the impairment review as at 30 June 2012, the recoverable amount of the cash-generating unit exceeded the carrying value of the Group's non-monetary assets and hence no impairment is required.

(vi) *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined with the assistance of an external valuer using a binomial model. The related assumptions are detailed in note 36. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

4 Segment information

(a) Description of segments

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 urban and regional roads, highways, rail, port and airport infrastructure.

Bellamack
Residential lot development in Palmerston NT.

Mining
Contract mine and mine maintenance.

In the current financial year the Group has consolidated its civil and urban infrastructure divisions into one division for the purpose of reporting to the Board. This was done as these divisions are similar in operation, and the current split across segments is a true reflection of diversified operations. The prior period has been amended to reflect this change.

4 Segment information (continued)

(b) Operating Segments

2012	Civil $	Bellamack $	Mining Services $	Total operations $
Segment revenue				
Sales to external customers	156,952,319	42,769,396	52,140,440	251,862,155
Unallocated revenue				443,091
Total contract revenue				**252,305,246**
Segment profit before tax				
Total profit before tax	20,105,657	3,038,746	4,324,836	27,469,239
Over/(under) recovery of plant and workshop expenses				(685,091)
Administration overheads				(11,926,346)
Other income				298,532
Unallocated (expenses) (net)				(1,545,690)
Profit before income tax				13,610,644
Total result before tax				**13,610,644**
Segment assets	**48,210,555**	**17,912,095**	**3,776,630**	**69,899,280**
Property plant and equipment				54,014,328
Inventories of materials and spares				4,267,436
Deferred tax assets				852,110
Other unallocated assets				3,719,994
Total assets				**132,753,148**
Segment liabilities	-	-	-	-
Unallocated liabilities				87,171,206
Total liabilities				**87,171,206**

2011	Civil $	Bellamack $	Mining Services $	Total operations $
Segment revenue				
Sales to external customers	135,590,974	30,034,700	22,456,742	188,082,416
Unallocated revenue				308,087
Total contract revenue				**188,390,503**
Segment profit before tax				
Total profit before tax	5,657,074	3,950,714	2,405,091	**12,012,879**
Intersegment elimination				-
Over/(under) recovery of plant and workshop expenses				1,186,810
Administration overheads				(12,119,791)
Other income				662,025
Unallocated (expenses) (net)				(1,508,761)
Profit before income tax				233,162
Total result before tax				**233,162**
Segment assets	**21,236,958**	**22,450,521**	**3,178,207**	**46,865,686**
Property plant and equipment				41,457,472
Inventories of materials and spares				3,747,796
Deferred tax assets				117,595
Other unallocated assets				9,419,040
Total assets				**101,607,589**
Segment liabilities	-	-	-	-
Unallocated liabilities				64,650,316
Total liabilities				**64,650,316**

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:

- Finance Costs

4 Segment information (continued)

- Corporate overheads
- Over/under recovery of plant and workshop expenses
- Other income

Further analysis of the results by reporting division is not practical. 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 number of customers to which it provides both products and services. The most significant client accounts for 28% and the next largest customer accounts for 18%. All other customers are below 10% (2011: only one customer was above 10% at 14%) of external revenue.

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

(i) Accounting policies
Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 with the exception of over/under recovery of plant and workshop expenses, which are allocated on a budgeting basis.

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.

5 Revenue

	Consolidated	
	2012	2011
	$	$
From continuing operations		
Contract Revenue	**209,092,759**	158,047,716
Hire of Equipment	**443,091**	308,087
Sale of Land	**42,769,396**	30,034,700
	252,305,246	188,390,503

6 Other income

	Consolidated	
	2012	2011
	$	$
Net gain on disposal of property, plant and equipment	**191,715**	285,238
Recoveries	**38,097**	244,995
Other Revenue	**68,720**	131,792
	298,532	662,025

7 Expenses

	Consolidated	
	2012	2011
	$	$
Cost of providing services and land sales and expenses excluding finance costs		
Cost of providing services	**180,572,281**	147,727,892
Costs of land sales Bellamack	**39,043,966**	26,083,985
Expenses, excluding Finance costs	**15,970,117**	12,119,791
	235,586,364	185,931,668
Profit before income tax includes the following specific expenses:		
Depreciation		
Administration plant and equipment	**384,349**	233,583
Operational plant and equipment	**9,815,609**	7,689,003
Total depreciation	**10,199,958**	7,922,586
Employee Benefits		
Wages and salaries	**52,710,765**	37,918,921
Superannuation	**3,151,668**	2,528,541
Share based payments	**282,195**	(52,823)
	56,144,628	40,394,639
Finance costs		
Interest and finance charges payable under hire purchase contracts	**1,863,643**	1,307,256
Bank facility fees	**578,639**	557,843
Bank overdraft and related party loan interest	**964,487**	1,022,599
Finance costs expensed	**3,406,769**	2,887,698
Rental expense relating to operating leases		
Minimum lease payments	**1,171,775**	66,718
Total rental expense relating to operating leases	**1,171,775**	66,718
Impairment		
Impairment of/(Reversal of impairment) of inventories included in cost of sales	**64,194**	(91,381)
	64,194	(91,381)

8 Income tax expense

	Consolidated	
	2012	2011
	$	$
(a) Income tax expense		
The major components of income tax expenses are:		
Current income tax	**4,914,091**	-
Adjustments for current income tax of prior periods	**(11,405)**	55,651
Origination and reversal of temporary differences	**(734,515)**	83,942
	4,168,171	139,593

	Consolidated	
	2012	2011
	$	$
(b) Reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated at the statutory income tax rate.		
Accounting profit before tax	**13,610,645**	233,162
At statutory income tax rate of 30%	**4,083,194**	69,949
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Employee Share Costs	**84,659**	-
Entertainment	**11,724**	13,994
	4,179,576	83,943
Adjustments for current tax of prior periods	**(11,405)**	55,650
Prior year adjustments recognised in deferred taxes	**-**	-
Total income tax expense	**4,168,171**	139,593

(c) Amounts charged or credited directly to equity

There is no deferred income tax in the current or prior year related to items charged directly to equity.

(d) Tax consolidation legislation

Brierty Limited and its wholly-owned Australian controlled entity have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in note 1(f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Brierty Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entity fully compensate Brierty Limited for any current tax payable assumed and is compensated by Brierty Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Brierty Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entity financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables (see note 32.)

(e) Unrecognised temporary differences

At 30 June 2012, there are no unrecognised temporary differences.

9 Current assets - Cash and cash equivalents

	Consolidated	
	2012	2011
	$	$
Cash at bank and in hand	**2,529,149**	3,597,186
Cash at Bank - Money Market	**11,715**	11,247
	2,540,864	3,608,433

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated	
	2012	2011
	$	$
Balances as above	**2,540,864**	3,608,433
Bank overdrafts (note 19)	**(963,596)**	(6,000,000)
Balances per statement of cash flows	**1,577,268**	(2,391,567)

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

(c) Cash at bank and on hand

The credit deposits accrue interest rates of 2.00% (2011 - 2.75%).

(d) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

10 Current assets - Trade and other receivables

	Consolidated 2012 $	2011 $
Trade receivables	**43,658,485**	20,648,506
Retentions	**1,286,032**	1,351,712
Allowance for impairment loss	**(100,000)**	-
Sundry Debtors	**256,571**	2,235,347
	45,101,088	24,235,565

(a) Impaired trade receivables

As at 30 June 2012 current trade receivables of the company with a nominal value of $153,244 (2011 - nil) were impaired. The amount of the provision was $100,000 (2011 - nil). The individually impaired receivables mainly relate to a contract that the Group is in dispute with the client over the final amount invoiced. It was assessed that a portion of the receivables is expected to be recovered. The impairment for the trade receivables is held by the parent in 2012 (2011 - nil).

	Consolidated 2012 $	2011 $
At 1 July	**-**	-
Allowance for impairment recognised during the year	**100,000**	-
Receivables written off during the year as uncollectible	**-**	-
At 30 June	**100,000**	-

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(b) Past due but not impaired

As of 30 June 2012, trade receivables of $89,541 (2011 - $167,389) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and full payment is either expected or since received. The ageing analysis of these trade receivables is as follows:

	Consolidated 2012 $	2011 $
Up to 3 months	**89,541**	167,389
	89,541	167,389

(c) Retentions

These amounts arise as part of the usual operating activities of the Group. There are no amounts past due or impaired at year end.

(d) Sundry debtors

These amounts arise from transactions outside the usual operating activities of the company. At year end they do not contain impaired assets and are not past due. It is expected that these balances will be recovered when due.

10 Current assets - Trade and other receivables (continued)

(e) Foreign exchange and interest rate risk

The Group has no exposure to foreign currency risk and interest rate risk in relation to trade and other receivables.

(f) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

11 Current assets - Contracts in Progress and Inventories

	Consolidated	
	2012	2011
	$	$
Construction work in progress (a)	**6,246,618**	2,553,596
Inventories of materials and spares		
- at cost	**4,389,749**	3,805,915
Less impairment	**(122,313)**	(58,119)
	4,267,436	3,747,796
	10,514,054	6,301,392

Inventories of materials and spares include major component spares totalling $1,623,168 (2011: $1,899,196) that are measured at Net Realisable Value. All other inventories are measured at cost.

(a) Construction work in progress

Contract costs incurred and recognised profits less recognised losses	**158,779,132**	92,923,461
Less progress billing	**(156,861,277)**	(96,306,375)
	1,917,855	(3,382,914)

Represented by:

Gross amounts due by customers under construction contracts included in:

Construction work in progress	**6,246,618**	2,553,596
Gross amounts due to customers under construction contracts included in:		
Contract income in advance	**(4,328,763)**	(5,936,510)
	1,917,855	(3,382,914)

Construction work in progress is expected to be recovered when due as there are no credit quality or impairment issues at year end.

12 Current assets - Current tax receivables

	Consolidated	
	2012	2011
	$	$
Excess of tax paid for current period over amount due	**-**	1,237,439

13 Current assets - Land held for Development

	Consolidated	
	2012	2011
	$	$
Bellamack Development, Darwin	**16,641,449**	17,939,397
(a) Total land held for Development (current and non-current)		
At beginning of year	**22,450,521**	11,881,638
Additions	**34,505,540**	36,652,868
Less sales	**(39,043,966)**	(26,083,985)
At end of year	**17,912,095**	22,450,521
Disclosed as:		
Current	**16,641,449**	17,939,397
Non-current (note15)	**1,270,646**	4,511,124
	17,912,095	22,450,521

(a) **Property held for development and resale**

Title on the residential housing blocks transfer from the Crown to the Group prior to Settlement.

14 Non-current assets - Receivables

	Consolidated	
	2012	2011
	$	$
Retentions - Non Current	**936,332**	1,534,088
Prepaid Insurance - Non Current	**26,891**	45,587
	963,223	1,579,675

15 Non-current assets - Land held for Development

Bellamack Development, Darwin

	Consolidated	
	2012	2011
	$	$
Land held for development	**1,270,646**	4,511,124

16 Non-current assets - Property, plant and equipment

	Plant and equipment $	Office Furniture & Equipment $	Motor vehicles $	Total $
Year 30 June 2011				
Opening net book amount	34,542,184	548,581	1,627,522	36,718,287
Additions	12,128,002	387,543	627,521	13,143,066
Disposals	(348,602)	-	(132,694)	(481,296)
Depreciation charge	(7,237,447)	(233,583)	(451,555)	(7,922,585)
Closing net book amount	39,084,137	702,541	1,670,794	41,457,472
At 30 June 2011				
Cost	71,070,566	1,644,116	3,342,696	76,057,378
Accumulated depreciation	(31,986,429)	(941,575)	(1,671,902)	(34,599,906)
Net book amount	39,084,137	702,541	1,670,794	41,457,472

	Plant and equipment $	Office Furniture & Equipment $	Motor vehicles $	Total $
Year 30 June 2012				
Opening net book amount	39,084,137	702,541	1,670,794	41,457,472
Additions	21,804,366	1,610,950	68,578	23,483,894
Disposals	(540,087)	-	(186,993)	(727,080)
Depreciation charge	(9,418,765)	(384,349)	(396,844)	(10,199,958)
Closing net book amount	50,929,651	1,929,142	1,155,535	54,014,328
At 30 June 2012				
Cost	90,375,738	3,255,066	2,758,779	96,389,583
Accumulated depreciation	(39,446,087)	(1,325,924)	(1,603,244)	(42,375,255)
Net book amount	50,929,651	1,929,142	1,155,535	54,014,328

Refer to note 22 for details of asset encumbrances.

17 Non-current assets - Deferred tax assets

	Consolidated	
	2012	2011
	$	$
The balance comprises temporary differences attributable to:		
Annual Leave	**705,932**	443,215
Impairment - stock	**36,694**	17,436
Long service leave	**171,724**	174,606
Productivity	**35,309**	84,045
Accrued workers compensation	**182,222**	64,698
Accrued Audit Fee	**17,775**	23,400
Unpaid Superannuation	**72,476**	60,322
Equity raising costs - recognised in income statement	**-**	106,933
Equity raising costs - charged direct to equity	**-**	128,086
Tax losses	**-**	248,196
Contract accruals	**1,017,000**	-
Doubtful debt provision	**30,000**	-
	2,269,132	1,350,937
Set-off of deferred tax liabilities (note 23)	**(1,417,022)**	(1,233,342)
Net deferred tax assets	**852,110**	117,595

The recognition of deferred tax asset in relation to tax losses is considered appropriate due to expected tax profits in future periods.

18 Current liabilities - Trade and other payables

	Consolidated	
	2012	2011
	$	$
Trade payables	**32,650,072**	19,675,762
Sundry payables and accrued expenses	**13,989,781**	8,282,256
Insurance - Premium Funding	**655,106**	469,444
	47,294,959	28,427,462

(a) Fair Value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

19 Current liabilities - Borrowings

	Consolidated	
	2012	2011
	$	$
Secured		
Bank overdrafts (note (b))	**963,596**	6,000,000
Hire purchase liabilities (note 31)	**6,992,991**	6,490,398
Loans from related parties (note (a))	**-**	5,000,000
Total current borrowings	**7,956,587**	17,490,398

19 Current liabilities - Borrowings (continued)

(a) Loans from related parties

During the year a loan was repaid to a related party - refer to note 32.

(b) Security

Information about the security relating to each of the secured liabilities and further information on the bank overdraft is set out in note 22.

20 Current liabilities - Provisions

	Consolidated	
	2012	2011
	$	$
Employee benefits		
Long service leave	**115,779**	128,567
Annual leave	**2,353,106**	1,477,384
Productivity payment	**117,695**	280,150
	2,586,580	1,886,101

(a) Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement.

21 Current liabilities - Current tax liabilities

	Consolidated	
	2012	2011
	$	$
Income tax	**4,767,203**	-

22 Non-current liabilities - Borrowings

	Consolidated 2012 $	2011 $
Secured		
Hire purchase liabilities (note 31)	**19,780,479**	10,456,391
Total secured non-current borrowings	**19,780,479**	10,456,391

(a) Secured liabilities and assets pledged as security

The total secured liabilities (current and non-current) are as follows:

	Consolidated 2012 $	2011 $
Bank overdrafts	**963,596**	6,000,000
Hire purchase liabilities	**26,773,470**	16,946,789
Loans from related parties	**-**	5,000,000
Total secured liabilities	**27,737,066**	27,946,789

The bank overdraft facility is secured by a fixed and floating charge over the Group's assets.

The hire purchase liabilities are secured by the assets under finance and in the event of default, the asset reverts to the finance company. Details of the assets pledged as security are as follows:

	Notes	Consolidated 2012 $	2011 $
Current			
Floating charge			
Cash and cash equivalents	9	**2,540,864**	3,608,433
Receivables	10	**45,101,088**	24,235,565
Other		**28,010,889**	26,097,725
Total current assets pledged as security		**75,652,841**	53,941,723
Non-current			
Finance lease			
Plant and equipment	16	**40,499,851**	24,521,687
Floating charge			
Receivables - non-current	14	**963,223**	1,579,675
Plant and equipment	16	**13,514,477**	16,935,785
Other	15	**1,270,646**	4,511,124
		15,748,346	23,026,584
Total non-current assets pledged as security		**56,248,197**	47,548,271
Total assets pledged as security		**131,901,038**	101,489,994

(b) Bank overdraft

The current interest rates are 10.58% on the overdraft (2011 - 11.24%). The effective interest rates vary between 10.58% and 15.08% (2011: 11.24% to 15.74%).

22 Non-current liabilities - Borrowings (continued)

(c) Financing arrangements

The Group had access to the following borrowing facilities at the reporting date:

	Consolidated	
	2012	2011
	$	$
Floating rate		
- Expiring within one year (bank overdraft)	**15,000,000**	20,000,000
Used at balance date		
Bank overdrafts	**963,596**	6,000,000
Bank guarantees	**3,453,556**	3,270,544
	4,417,152	9,270,544

The bank overdraft facilities are repayable on demand, subject to annual review and can be cancelled by the bank. Refer to note 30 for more detail.

(d) Interest rate risk exposures

The Group's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods is explained in note: 2(a).

Exposures arise predominantly from liabilities bearing variable interest rates.

(e) Fair value

The carrying amounts and fair values of borrowings at balance date are:

	At 30 June 2012		At 30 June 2011	
Group	**Carrying amount $**	**Fair value $**	Carrying amount $	Fair value $
On-balance sheet (i)				
Non-traded financial liabilities				
Bank overdrafts	**963,596**	**963,596**	6,000,000	6,000,000
Other loans	**-**	**-**	5,000,000	5,000,000
Hire purchase liabilities	**26,773,470**	**24,794,911**	16,946,789	15,509,701
	27,737,066	**25,758,507**	27,946,789	26,509,701

Interest rates used to discount estimated cash flows of borrowings to arrive at the fair value of borrowings, are based on current rates available in the market, and were assessed to be 7.39% (2011: 8.48%).

23 Non-current liabilities - Deferred tax liabilities

	Consolidated	
	2012	2011
	$	$
The balance comprises temporary differences attributable to:		
Stock of parts - Materials	**1,316,925**	1,141,775
Workers compensation prepaid	**58,012**	49,973
Diesel Fuel Rebate	**42,085**	41,595
	1,417,022	1,233,342
Total deferred tax liabilities	**1,417,022**	1,233,342
Set-off of deferred tax assets (note 17)	**(1,417,022)**	(1,233,342)
Net deferred tax liabilities	**-**	-

24 Non-current liabilities - Provisions

	Consolidated	
	2012	2011
	$	$
Employee benefits - long service leave	**456,635**	453,454

25 Contributed equity

	Parent entity entity		Parent entity entity	
	2012	2011	**2012**	2011
	Shares	Shares	**$**	$

(a) Share capital

Ordinary shares				
Fully paid	**110,000,000**	110,000,000	**29,170,572**	29,170,572
	110,000,000	110,000,000	**29,170,572**	29,170,572

(b) Movements in ordinary share capital:

Date	Details	Number of shares	$
1 July 2010	Opening balance	110,000,000	29,170,572
30 June 2011	Balance	110,000,000	29,170,572
1 July 2011	Opening balance	110,000,000	29,170,572
30 June 2012	Balance	110,000,000	29,170,572

(c) Ordinary shares

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

25 Contributed equity (continued)

(d) Capital risk management

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management monitor capital through the gearing ratio (net debt/total capital). Current gearing ratios are considered acceptable. The gearing ratios at 30 June 2012 and 30 June 2011 were as follows:

	30 June 2012 $	30 June 2011 $
Total borrowings	**27,737,066**	27,946,789
Less: cash and cash equivalents (Note 9)	**(2,540,864)**	(3,608,433)
Net debt	**25,196,202**	24,338,356
Total equity	**45,581,942**	37,033,348
Total capital	**70,778,144**	61,371,704
Gearing ratio	**36 %**	40 %

26 Reserves and retained profits

	Consolidated	
	2012 $	2011 $
(a) Reserves		
Share-based payments reserve	**282,195**	-
Movements:		
Share-based payments reserve		
Opening employee equity benefits reserve	**-**	52,823
Option expense	**282,195**	-
Share based payment forfeited	**-**	(52,823)
Closing employee equity benefits reserve	**282,195**	-

26 Reserves and retained profits (continued)

(b) Retained profits

Movements in retained profits were as follows:

	Consolidated	
	2012	2011
	$	$
Opening retained earnings	**7,786,701**	9,343,132
Net profit for the year	**9,442,474**	93,569
Dividends	**(1,100,000)**	(1,650,000)
Closing retained earnings	**16,129,175**	7,786,701

(c) Nature and purpose of reserves

(i) Share-based payments reserve
The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised.

27 Dividends

	Parent entity	
	2012	2011
	$	$
(a) Ordinary shares		
Ordinary shares		
Final dividend for the year ended 30 June 2011 (as recommended in the 2011 financial report) of nil (2010 - 1 cent) per share.	**-**	1,100,000
Interim dividend for the year ended 30 June 2012 of 1 cent (2011 - 0.5 cents) per share paid 04 April 2012 (2011 - 31 March 2011), fully franked on tax paid @ 30%.	**1,100,000**	550,000
	1,100,000	1,650,000
Paid in cash	**(1,100,000)**	(1,650,000)

(b) Franking credit balance

	Consolidated	
	2012	2011
	$	$
Balance of franking account at year end adjusted for franking credits arising from payment of income tax payable and dividends recognised as receivable and franking debits arising from payment of dividends	**3,072,900**	4,646,283

(c) Tax Rates

The rate at which paid dividends have been franked is 30% (2011, 30%).

28 Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated	
	2012	2011
	$	$
Short-term employee benefits	**3,470,446**	2,360,004
Post-employment benefits	**219,826**	160,149
Long-term benefits	**-**	-
Termination benefits	**-**	300,000
Share-based payments	**282,195**	17,725
	3,972,467	2,837,878

Detailed remuneration disclosures are provided in sections A - C of the remuneration report on pages 19 to 24.

(i) Option holdings
The numbers of options over ordinary shares in the group held during the financial year by each director of Brierty Limited and other key management personnel of the group, including their personally related parties, are set out below.

2012 Name	Balance at start of the year	Granted as compen-sation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
P McBain	5,000,000	NIL	NIL	NIL	5,000,000	250,000	4,750,000

2011 Name	Balance at start of the year	Granted as compen-sation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
S Crofts	5,000,000	NIL	NIL	(5,000,000)	NIL	NIL	NIL
P McBain	NIL	5,000,000	NIL	NIL	5,000,000	NIL	5,000,000

(ii) Share holdings
The numbers of shares in the Group held during the financial year by each director of Brierty Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

All equity transactions with key management personal have been entered into under terms and conditions no more favourable that those the Group would have adopted if dealing at arms length.

28 Key management personnel disclosures (continued)

2012 Name	Balance at the start of the year	Shares Purchased	Shares Sold	Net change other	Balance at the end of the year
Directors of Brierty Limited **Ordinary shares**					
D L Gooding	1,075,000	487,500	NIL	NIL	1,562,500
P McBain (appointed 28 November 2011)	200,000	400,000	NIL	NIL	600,000
A R Brierty	22,447,500	NIL	NIL	NIL	22,447,500
K J Hellsten	120,000	NIL	NIL	NIL	120,000
R J O'Shannassy (appointed 26 September 2011)	NIL	NIL	NIL	NIL	-
Other key management personnel of the company **Ordinary shares**					
A G Bevan	NIL	NIL	NIL	NIL	NIL
M Braghieri	NIL	NIL	NIL	NIL	NIL
D Cappelluti	80,000	NIL	NIL	NIL	80,000
S Collins	NIL	NIL	NIL	NIL	NIL
M Sloan	1,520,000	NIL	NIL	NIL	1,520,000

2011 Name	Balance at the start of the year (after share split)	Shares Purchased	Shares Sold	Net change other	Balance at the end of the year
Directors of Brierty Limited **Ordinary shares**					
D L Gooding	1,075,000	NIL	NIL	NIL	1,075,000
S Crofts (Resigned 11 August 2010)	1,125,988	NIL	NIL	(1,125,988)	NIL
A R Brierty	22,447,500	NIL	NIL	NIL	22,447,500
K J Hellsten	120,000	NIL	NIL	NIL	120,000
R J McKinnon (Resigned 25 September 2011)	100,000	NIL	NIL	NIL	100,000
Other key management personnel of the company **Ordinary shares**					
P McBain	NIL	200,000	NIL	NIL	200,000
A G Bevan	NIL	NIL	NIL	NIL	NIL
R Levitt	NIL	NIL	NIL	NIL	NIL
M Braghieri	NIL	NIL	NIL	NIL	NIL
G Rochow	NIL	NIL	NIL	NIL	NIL
M Sloan	1,520,000	NIL	NIL	NIL	1,520,000

(b) Loans to key management personnel

There were no loans made to directors of Brierty Limited and other key management personnel of the Group, including their personally related parties.

(c) Other transactions with key management personnel

Other transactions with Directors are disclosed in Note 32 Related Party Transactions as they are not in the nature of remuneration.

29 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices:

29 Remuneration of auditors (continued)

	Consolidated	
	2012	2011
	$	$
Audit and review of financial reports	**128,890**	126,745
Taxation services		
Ernst & Young		
Tax compliance services	**22,332**	45,436
Total remuneration for taxation services	**22,332**	45,436
Total remuneration for non-audit services	**22,332**	45,436
	151,222	172,181

It is the Group's policy to employ Ernst & Young on assignments additional to their statutory audit duties where Ernst & Young's expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where Ernst & Young is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

30 Contingencies

Guarantees
In the ordinary course of business the Group is called upon to provide guarantees and performance bonds in relation to work undertaken.

A performance bond facility of $15,000,000 (2011: $7,000,000) exists with Vero Insurance Limited secured by a Deed of Indemnity and Guarantee provided by the Parent Company. At 30 June 2012 $12,336,556 (2011 : $6,304,489) of this facility was utilised.

Brierty Limited has a $15,000,000 bank guarantee facility (2011: $20,000,000) established with its bankers. This facility is reduced by the amount of any bank overdraft that is utilised by the Group (at 30 June 2012 and 30 June 2011 the bank overdraft utilised was $963,596 and $6,000,000 respectively). At 30 June 2012 $3,453,556 (2011 $3,270,544) of the bank guarantee facilities were utilised.

In undertaking long term engineering and construction contracts there is always the possibility of claims being in progress. To the extent that any such claims or potential claims may exist that the Group is aware of, they are assessed on their merits and if considered necessary (which may be after taking legal advice), a provision for potential costs would be recognised and included in the accounts as part of the forecast outcome on completion of a particular contract. Any such provision would be an estimate based on the information available at the time.

31 Commitments

(i) Non-cancellable operating leases
The Group leases various items of plant and equipment under non-cancellable operating leases expiring within five years.

	Consolidated	
	2012	2011
	$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**2,681,136**	400,308
Later than one year but not later than five years	**6,090,178**	767,257
Later than five years	**-**	-
	8,771,314	1,167,565

31 Commitments (continued)

(ii) Non-cancellable property leases
The Group leases its head office under non-cancellable operating leases expiring within seven years. The lease contains market or CPI review clauses during the term of the lease. On renewal, the terms of the leases are renegotiated.

	Consolidated	
	2012	2011
	$	$
Commitments for minimum lease payments in relation to non-cancellable property leases are payable as follows:		
Within one year	**508,860**	356,400
Later than one year but not later than five years	**2,035,440**	-
Later than five years	**1,187,340**	-
	3,731,640	356,400

(iii) Hire purchase
The Group has various plant and equipment with a carrying amount of $40,499,851 (2011 - $24,521,687) under hire purchase contracts leases expiring within one to five years.

	Consolidated	
	2012	2011
	$	$
Commitments in relation to finance leases are payable as follows:		
Within one year	**8,654,130**	7,625,715
Later than one year but not later than five years	**22,073,377**	12,042,366
Minimum lease payments	**30,727,507**	19,668,081
Future finance charges	**(3,954,037)**	(2,721,292)
Recognised as a liability	**26,773,470**	16,946,789
Total lease liabilities	**26,773,470**	16,946,789
Representing lease liabilities:		
Current (note 19)	**6,992,991**	6,490,398
Non-current (note 22)	**19,780,479**	10,456,391
	26,773,470	16,946,789

The weighted average interest rate implicit in the hire purchase contracts is 7.73% (2011 - 8.09%).

As at 30 June 2012 the Group had capital commitments to purchase $12,188,301 worth of equipment in the normal course of business.

32 Related party transactions

(a) Directors

The names of persons who were directors of the Group at any time during the financial year are as follows: D L Gooding, A R Brierty, R J McKinnon, K J Hellsten, RJ O'Shannassy and P McBain. All of these persons were directors during the entire year except for R J McKinnon who resigned on 25 September 2011, R J O'Shannassy who was appointed on 26 September 2011 and P McBain who was appointed on 28 November 2011.

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 28.

No key management personnel subscribed in cash for ordinary shares in the group during the year. The shares were acquired on the same terms and conditions that applied to other shareholders.

(c) Transactions with other related parties

The following transactions occurred with related parties other than key management personnel or entities related to them:

During the year, the Group paid rent to Jamstakes Pty Ltd (a company owned by Alan & Kylie Brierty and the shareholders of Brierty prior to listing on the ASX), the owner of the premises at 38 Mandarin Rd, Maddington. Rent totalling $356,400 (2011, $356,400) was paid during the year in accordance with a lease agreement on normal terms and conditions. There was no amounts owing to or from Jamstakes Pty Ltd at the end of the financial year.

During the prior year, the Group paid rent to Bricon Pty Ltd (a company owned by Alan & Kylie Brierty), the owners of an apartment occupied by a senior manager. There was no rent paid during the current financial year (2011:$24,910 in accordance with a lease agreement on normal terms and conditions). There were no amounts owing to or from Bricon Pty Ltd at the end of the financial year.

Gooding Partners an accounting practice which Mr D L Gooding is a partner, provided consulting services to Brierty Limited in the 2011 year but there was no service provided in the 2012 year (2011: $16,143). There was no amount owing to Gooding Partners at the end of the financial year.

(d) Loans to/from related parties

During the previous year, the Group received a loan of $5,000,000 from Bricon Pty Ltd (a company owned by Alan & Kylie Brierty and the shareholders of Brierty prior to listing on the ASX). The terms of the loan were on an arms-length basis. The final principal amount was repaid on 20 May 2012 with interest payments paid monthly. Total interest paid was $296,949. Interest rates matched those charged by a major Australian bank. The loan was secured by a fixed and floating charge ranking behind that provided to the Group's bankers.

(e) Guarantees

There are no guarantees provided by a related party.

33 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1(b):

Name of entity	**Country of incorporation**	**Class of shares**	**Equity interest**	
			2012 %	2011 %
Bellamack Pty Ltd	Australia	Ordinary	**100**	100

34 Events occurring after the balance sheet date

There have been no matters or circumstances that have arisen since 30 June 2012 that have or may significantly affect the operations results or state of affairs of the Group in future financial periods.

35 Cash Flow Statement Reconciliation

	Consolidated	
	2012	2011
	$	$
(a) **Reconciliation of net profit after tax to net cash flows from operations**		
Profit for the year	**9,442,474**	93,569
Depreciation and amortisation	**10,199,958**	7,922,586
Provision written back	**164,194**	(91,381)
Non-cash employee benefits expense	**282,195**	(52,823)
Net (gain) loss on sale of non-current assets	**(191,715)**	(285,238)
Change in operating assets and liabilities, net of effects from purchase of controlled entity		
(Decrease) increase in income in advance	**(1,607,747)**	5,266,749
Decrease (increase) in inventories and work in progress	**261,570**	(9,692,730)
(Decrease) increase in trade creditors and sundry creditors	**18,867,502**	6,648,673
(Decrease) increase in other receivables	**616,452**	(1,716,851)
(Increase) decrease in trade debtors	**(21,201,415)**	(1,853,588)
(Increase) decrease in deferred tax assets	**502,923**	83,942
(Increase) decrease in deferred tax liabilities	**4,767,202**	(1,064,057)
Increase (decrease) in other provisions	**703,660**	302,060
Net cash (outflow) inflow from operating activities	**22,807,253**	5,560,911

(b) **Non-Cash Financing and Investing Activities**

During the year $18,159,571 (2011; $8,840,330) of assets were acquired by means of hire purchase contracts.

36 Earnings per share

	Consolidated	
	2012	2011
	Cents	Cents
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**8.58**	0.08
Profit attributable to the ordinary equity holders of the company	**8.58**	0.08
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**8.58**	0.08
Profit attributable to the ordinary equity holders of the company	**8.58**	0.08

36 Earnings per share (continued)

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

	Consolidated 2012 $	Consolidated 2011 $
Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**9,442,474**	93,569
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**9,442,474**	93,569

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

	Consolidated 2012 Number	Consolidated 2011 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**110,000,000**	110,000,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**110,000,000**	110,000,000

(e) Information concerning the classification of securities

(i) Options
The options granted in March 2011 are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2012. These options could potentially dilute basic earnings per share in the future.

Options that vested in the year (250,000) are out of money as the option price is higher than the share price and are considered anti-dilutive. The remaining 4,750,000 have performance conditions attached to them and are considered to be contingently dilutive if exercised in the future.

(ii) Post balance date
No other options have been issued, vested, forfeited or exercised.

37 Share-based payments

(a) Types of share based payment plans

Employee share option plan (ESOP)

The establishment of an employee incentive option scheme was approved by shareholders at the 2008 annual general meeting. The Employee incentive plan is designed to provide long-term incentives for management to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain employment conditions and performance standards are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

No options have been granted under the scheme to date.

Issue of options under employment contract

(i) A total of 5 million options were issued during the 2011 financial year to the Managing Director, Mr P McBain, in accordance with the terms of his employment contract.

37 Share-based payments (continued)

Set out below are the detail of the options granted:

These options were issued on 7 March 2011 and have the following terms:

Continuous employment options.

15% of the options (being 750,000) will become capable of exercise provided that Mr McBain remains in the continuous employment of the Group as follows:

- 250,000 options become capable of exercise from 7 March 2012 (at an exercise price of $0.451 per option) provided he has been in continuous employment for 1 year;
- 250,000 options become capable of exercise from 7 March 2013 (at an exercise price of $0.601 per option) provided he has been in continuous employment for 2 years; and
- 250,000 options become capable of exercise from 7 March 2014 (at an exercise price of $0.751 per option) provided he has been in continuous employment for 3 years; and

Performance based options.

The remaining 85% of the options (being 4,250,000) will become capable of exercise subject to the achievement of key performance indicator (KPI) based performance hurdles. Performance against the various KPI's will be assessed by the Board on a rating scale which will determine the number of options that become capable of exercise up to a maximum of the following:

- Up to 1,416,666 options (subject to achievement of KPI's) become capable of exercise from 30 September 2012 (at an exercise price of $0.451 per option); and
- Up to 1,416,667 options (subject to achievement of KPI's) become capable of exercise from 30 September 2013 (at an exercise price of $0.601 per option); and
- Up to 1,416,667 option (subject to achievement of KPI's) become capable of exercise from 30 September 2014 (at an exercise price of $0.751 per option).

Any options that have become capable of exercise, but have not been so exercised, will expire on 7 September 2017.

(b) Fair value of options granted

The assessed fair value at grant date of the options to the Managing Director during the year ended 30 June 2011 was as follows.

			Value per option
Continuous Employment options			
	Exercisable after	- 7 March 2012	20.8 cents
		- 7 March 2013	21.6 cents
		- 7 March 2014	22.5 cents
Performance based options			
	Exercisable after	- 30 September 2012	22.0 cents
		- 30 September 2013	22.6 cents
		- 30 September 2014	23.4 cents

The fair value at grant date is independently determined using a Binomial model taking into account the terms and conditions upon which the options were granted.

The inputs to the model for the options granted during the year ended 30 June 2011 included:

(a) share price at grant date : $0.315.
(b) grant date : 7 March 2011.
(c) exercise price : as detailed above.
(d) expiry date : as detailed above.
(e) expected price volatility of the company's shares : 100%.
(f) expected dividend yield: 0%.
(g) risk-free interest rate: 5.30%.

37 Share-based payments (continued)

(c) Recognised share based payment expenses

The expense recognised/(reversal of expense) for employee services received during the year is shown in the table below:

	Consolidated	
	2012	2011
	$	$
Expense/(reversal of expense) arising from equity-settled share based payment transactions	**282,195**	(52,823)
Total expense arising from share-based payment transactions	**282,195**	(52,823)

38 Parent entity financial information

(a) Summary financial information

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

	Parent entity	
	2012	2011
	$	$
Balance sheet		
Current assets	**68,186,358**	53,347,634
Non-current assets	**55,829,664**	41,620,655
Total assets	**124,016,022**	94,968,289
Current liabilities	**64,325,682**	50,577,594
Non-current liabilities	**20,237,114**	10,909,845
Total liabilities	**84,562,796**	61,487,439
Shareholders' equity		
Contributed equity	**29,170,572**	29,170,572
Reserves	**282,195**	-
Retained earnings	**10,000,459**	4,310,278
	39,453,226	33,480,850
Profit or loss for the year	**6,790,182**	(2,719,995)
Total comprehensive income	**6,790,182**	(2,719,995)

(b) Guarantees entered into by the parent entity

The parent entity has provided no financial guarantees in respect of loans of subsidiaries.

(c) Contingent liabilities of the parent entity

Other than those guarantees and performance bonds disclosed in note 30 the parent entity did not have any contingent liabilities as at 30 June 2012 or 30 June 2011.

(d) Tax consolidation legislation

38 Parent entity financial information (continued)

Brierty Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation from 1 July 2003. The accounting policy in relation to this legislation is set out in note 1 (e).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Brierty Limited. No amounts have been recognised by the parent on the basis that the possibility of default is remote.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Brierty Limited for any current tax payable assumed and are compensated by Brierty Limited for any current tax receivables and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Brierty Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables (see note 33).

(e) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2012, the parent entity had no contractual commitments for the acquisition of property, plant or equipment.

In accordance with a resolution of the directors of Brierty Limited, I state that:

In the directors' opinion:

(a) the financial statements and notes of the consolidated entity are set out on pages 29 to 73 are in accordance with t *Corporations Act 2001,* including:
  - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* ; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1 (a).

(c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

D L Gooding
Director

P McBain
Managing Director

Perth, Western Australia
20 August 2012

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Independent auditor's report to the members of Brierty Limited

Report on the Financial Report

We have audited the accompanying financial report of Brierty Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

We 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Brierty Limited is in accordance with the Corporations Act 2001, including:

    i giving a true and fair view of the consolidated entity's financial position at 30 June 2012 and of its performance for the year ended on that date; and

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

2. the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 25 of the directors' report for the year ended 30 June 2012. 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 Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Brierty Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Ernst & Young

Peter McIver
Partner
Perth
20 August 2012

PM:MM:BRIERTY:034

The shareholder information set out below was applicable as at 31 July 2012.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security Ordinary shares No. of Shareholders	Shares	% of Issued Capital
1 - 1000	34	17,690	0.02
1,001 - 5,000	275	885,793	0.81
5,001 - 10,000	184	1,600,153	1.45
10,001 - 100,000	453	16,513,258	15.01
100,001 and over	81	90,983,106	82.71
	1,027	110,000,000	100.00

There were 50 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest holders of quoted equity securities are listed below:

Mr Alan Robert Brierty	22,447,500	20.41
Ms Kylie Ann Brierty	21,447,500	19.50
Mining & Civil Australia Pty Ltd	11,250,000	10.23
Zero Nominees Pty Ltd	3,300,000	3.00
JP Morgan Nominees Australia Limited	2,585,000	2.35
Mr Ryan Stewart Brierty <The Brierty Family A/C>	2,351,800	2.14
Mr Kenneth John Beer <Beer Super Fund A/C>	1,925,482	1.75
Mr Michael Sloan <The Sloan Family A/C>	1,500,000	1.36
Moulyinning Nominees Pty Ltd	1,562,500	1.42
National Nominees	1,209,280	1.10
Mrs Ruth Anne Sutton <The Sutton Family A/C>	1,200,000	1.09
Mr Tim Abrahams	1,150,000	1.05
Shannon Lee Brierty	1,131,000	1.03
Mr Victor Jay <The Jay Family A/C>	1,100,000	1.00
Mr Samir Derviskadic <The Eight Family A/C>	1,090,000	0.99
Canning Nominees Pty Ltd	978,990	0.89
Kailva Pty Ltd <Superannuation A/C>	700,000	0.64
Lincoln Properties Pty Ltd <Anderson Super Fund A/C>	620,621	0.56
Mr Paul David Murphy + Mrs Judy Murphy	600,000	0.55
Mr Gregory Laurence Prescott	513,793	0.47
	78,663,466	71.53

C. Substantial holders

As at the date of this report, the names of substantial holders in the Company who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are set out below:

Ordinary shares		
Mr Alan Robert Brierty	22,447,500	20.41 %
Ms Kylie Anne Brierty	21,447,500	19.50 %
Mining & Civil Australia Pty Ltd	11,250,000	10.23 %

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.