

APPENDIX 4E

For the year ended 30 June 2017

Brierty Limited

ABN 65 95 459 448



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This information should be read in conjunction with the Brierty Limited's preliminary final report for the full-year ended 30 June 2017.

Results for announcement to the market

Full year ended 30 June	2016 \$	2017 \$	Variance %
Revenue from ordinary activities	down from \$212,550,322	to \$126,449,049	(41%)
Profit/(loss) from ordinary activities after tax attributable to members	down from loss of (\$52,377,096)	to loss of (\$2,900,321)	N/A
Net profit/(loss) for the period attributable to members	down from loss of (\$52,377,096)	to loss of (\$2,900,321)	N/A

Previous corresponding period

The previous corresponding period is the full-year ended 30 June 2016.

Dividends

No dividends have been declared for the full-year ended 30 June 2017. For the previous corresponding period, no dividends was paid.

Net tangible asset backing

Net tangible asset backing per ordinary share: \$0.01 (2016: -\$0.04).

Audit

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

Commentary on results for the period

Brierty advises that an audit on its financial accounts for the full-year ended 30 June 2017 has not been completed.

The pre-tax profit for the year ended 30 June 2017 was \$7.1M.

In addition, Brierty is required by accounting standards to assess the carrying value of the Deferred Tax Asset on its balance sheet. As a result, Brierty has written down the value of its DTA by \$10 million.

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

Brierty Limited
Consolidated statement of comprehensive income
For the full-year ended June 2017
UNAUDITED

	2017 \$	2016 \$
Revenue from services and land sales	126,449,049	212,550,322
Cost of services and sales	(109,582,003)	(221,734,878)
Gross margin on services and land sales	<u>16,867,046</u>	<u>(9,184,556)</u>
Other income	1,751,283	1,300,151
Administration expenses	(12,432,985)	(17,928,727)
Finance costs	(4,893,114)	(4,528,494)
Impairment of property, plant, equipment and inventory	<u>5,809,401</u>	<u>(34,370,861)</u>
Profit from continuing operations before income tax	7,101,631	(64,712,487)
Income tax (expense)/benefit	<u>(10,001,952)</u>	<u>12,335,391</u>
Profit from continuing operations after tax	<u>(2,900,321)</u>	<u>(52,377,096)</u>
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>(2,900,321)</u>	<u>(52,377,096)</u>

Earnings per share for profit attributable to the ordinary equity holders of the company

	Cents	Cents
Basic earnings per share	(2.28)	(41.14)
Diluted earnings per share	(2.28)	(41.14)

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

Brierty Limited
Consolidated statement of financial position
As at June 2017
UNAUDITED

	2017 \$	2016 \$
ASSETS		
Current assets		
Cash and cash equivalents	78,266	802,199
Trade and other receivables	13,099,581	31,519,857
Contracts in progress and inventories	11,369,584	7,047,604
Prepayments	1,210,525	1,400,264
Current tax receivable	0	362,221
Assets held for Sale	10,910,974	0
Land held for development	10,939,787	15,435,997
Total current assets	47,608,717	56,568,142
Non-current assets		
Property, plant and equipment	21,721,741	34,787,593
Work in progress and inventories	4,315,497	16,615,860
Trade and other receivables	130,550	0
Deferred tax assets	0	10,001,952
Total non-current assets	26,167,788	61,405,405
Total assets	73,776,505	117,973,547
LIABILITIES		
Current liabilities		
Trade and other payables	27,140,182	49,056,009
Bank overdraft	6,242,966	21,502,750
Borrowings	26,335,882	12,588,344
Current tax liabilities		
Provisions	2,660,148	13,530,684
Contract income in advance	229,000	1,953,837
Total current liabilities	62,608,178	98,631,624
Non-current liabilities		
Borrowings	8,719,250	14,645,301
Deferred tax liabilities		
Provisions	924,646	271,874
Total non-current liabilities	9,643,896	14,917,175
Total liabilities	72,252,074	113,548,799
Net assets	1,524,431	4,424,748
EQUITY		
Contributed equity	37,194,172	37,194,172
Reserves	500,191	500,191
Retained earnings/(accumulated losses)	(36,169,932)	(33,269,615)
Total equity	1,524,431	4,424,748

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

Brierty Limited
Consolidated statement of change in equity
As at June 2017
UNAUDITED

	Contributed equity	Employee Equity Benefits Reserve	Retained earnings	Total equity
	\$	\$	\$	\$
Balance at 1 July 2015	37,148,672	500,191	19,107,481	56,756,344
(Loss) for period	-	-	(52,377,096)	(52,377,096)
Total comprehensive income for the period	-	-	(52,377,096)	(52,377,096)
Conversion of rights to shares	45,500			45,500
Balance at 30 June 2016	37,194,172	500,191	(33,269,615)	4,424,748
Balance at 1 July 2016	37,194,172	500,191	(33,269,615)	4,424,748
Profit for period	-	-	(2,900,321)	(2,900,321)
Total comprehensive income for the period			(2,900,321)	(2,900,321)
Balance at June 2017	37,194,172	500,191	(36,169,932)	1,524,431

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

Brierty Limited
Consolidated statement of cash flow
For the full-year ended June 2017
UNAUDITED

	2017	2016
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	163,191,048	250,000,187
Payments to suppliers (inclusive of GST)	(155,984,820)	(256,136,854)
Interest received	5,090	89
Other revenue	1,230,115	1,072,533
Finance costs	(4,893,114)	(4,528,494)
Income taxes refunded/(paid)	362,221	2,024,384
Net cash inflow/(outflow) from operating activities	3,910,540	(7,568,155)
Cash flows from investing activities		
Payments for property, plant and equipment	(274,779)	(1,285,388)
Proceeds from sale of property, plant and equipment	4,081,118	1,265,463
Net cash inflow/(outflow) from investing activities	3,806,339	(19,925)
Cash flows from financing activities		
Repayment of borrowings	(9,581,028)	(15,873,227)
Receipt from borrowings	16,400,000	0
New capital raised		0
Dividends paid		0
Net cash inflow/(outflow) from financing activities	6,818,972	(15,873,227)
Net change in cash and cash equivalents	14,535,851	(23,461,307)
Cash and cash equivalents at beginning of period	(20,700,551)	2,760,756
Cash and cash equivalents at end of period	(6,164,700)	(20,700,551)

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

Brierty Limited
Segment report
For the full-year ended June 2017
UNAUDITED

	Civil	Mining	Land development	Total operations
		\$	\$	\$
Segment revenue				
Total segment revenue	42,757,447	65,209,602	18,482,000	126,449,049
Intersegment transactions	4,785,845			4,785,845
Intersegment elimination				(4,785,845)
Total contract revenue	47,543,292	65,209,602	18,482,000	126,449,049
Segment result	5,992,792	3,133,176	3,415,451	12,541,419
Overheads				(8,107,358)
Other income				1,751,283
Finance costs				(4,893,114)
Impairment				5,809,401
Profit/(loss) before income tax				7,101,631
Segment assets	2,985,569	9,230,083	16,139,212	28,354,864
Property plant and equipment				21,721,741
Assets held for sale				10,910,974
Inventories				11,369,584
Deferred tax asset				0
Other unallocated assets				1,419,342
Total assets				73,776,505
Unallocated liabilities				72,252,074
Total liabilities				72,252,074
2016	Civil	Mining	Land development	Total operations
		\$	\$	\$
Segment revenue				
Total segment revenue	117,269,163	65,108,766	30,172,393	212,550,322
Intersegment transactions	14,847,794			14,847,794
Intersegment elimination				(14,847,794)
Total contract revenue	132,116,957	65,108,766	30,172,393	212,550,322
Segment result	(33,181,832)	8,262,200	7,902,357	(17,017,275)
Administration overheads				(10,096,008)
Other income				1,300,151
Finance costs				(4,528,494)
Impairment				(34,370,861)
Profit/(loss) before income tax				(64,712,487)
Segment assets	17,575,769	30,298,953	15,697,015	63,571,737
Property plant and equipment				34,787,593
Inventories				7,047,585
Deferred tax asset				10,001,952
Other unallocated assets				2,564,680
Total assets				117,973,547
Unallocated liabilities				113,548,799
Total liabilities				113,548,799

Brierty Limited
Segment report
For the full-year ended
UNAUDITED

Description of segments

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

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

information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

Reportable segments

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

Civil

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

Mining

Contract mining and mine maintenance.

Land Development

Residential lot development in Palmerston, Northern Territory.

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

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

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

The Group has a number of customers to which it provides both products and services. The most significant customer accounts for 42% of the 2017 turnover (2016: 41%) and the second most significant customer accounts for 13% (2016:35%) with all other customers below 8% of external revenue.

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

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

Brierty Limited
Notes to the accounts
For the full-year ended June 2017
UNAUDITED

	2017	2016
	\$	\$
Revenue		
From continuing operations		
Contract revenue	107,240,840	182,377,929
Sale of land	18,482,000	30,172,393
Hire of equipment	726,209	-
Total sales revenue	126,449,049	212,550,322
Other income		
Net gain/(loss) on disposal of PPE	516,078	227,530
Interest revenue	5,090	6,472
Recoveries	-	36,619
Insurance claims	731,518	-
Other income	498,597	1,029,530
	1,751,283	1,300,151
Expenses		
Cost of services and sales		
Cost of providing services	94,515,454	199,464,842
Cost of land sales	15,066,549	22,270,036
	109,582,003	221,734,878
Profit before income tax includes the following specific expenses		
Depreciation		
Operational plant and equipment	5,207,910	10,322,876
Administration plant and equipment	468,623	542,667
	5,676,533	10,865,543
Employee benefits expense		
Salaries and wages	39,212,642	58,070,909
Share based payments	-	45,500
Superannuation	2,794,844	3,863,648
	42,007,486	61,980,057
Finance costs		
Interest and finance charges payable under HP contracts	1,487,450	2,522,874
Bank overdraft interest	2,430,545	1,415,314
Bank facility fees	662,173	590,306
Other interest and fees	312,946	-
	4,893,114	4,528,494
Impairment		
Plant and equipment	- 5,809,401	32,879,396
Inventory	-	1,491,465
	- 5,809,401	34,370,861

Brierty Limited
Notes to the consolidated financial statements
For the year ended 30 June 2017
UNAUDITED
Interests in joint arrangements

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

A joint operating agreement establishing the Brierty Karlayura joint operation was executed in July 2013. The joint operation has completed two projects including roadworks for Rio Tinto at West Angelas.

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

A joint venture operating agreement establishing the Brierty Muntulgura Guruma joint operation was executed during the 2016 financial year. The joint venture has delivered a road project for Rio Tinto.

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

The Group has the following interests in joint operations:

Name of entity	Principal Activities	2017	2016
		%	%
Brierty-NYFL Joint Operation	Urban infrastructure works	70	70
Brierty-Karlayura Operation	Road construction	70	70
Brierty-Bocol	Road construction	83	83
Brierty Muntulgura Guruma	Road construction	78	78
Brierty Eastern Guruma Operation	Waste Fines Storage facility	50	50