RCR Limited
Tomlinson

RCR

2014 ANNUAL REPORT


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CONTENTS

RCR Tomlinson Ltd

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Securities Exchange Listing

Australian Securities Exchange
ASX code: RCR
Index: Member of the S&P/ASX All-Australian 200 Index

Share Registrar

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About this Annual Report

This 2014 Annual Report provides a summary of RCR's activities and financial position as at 30 June 2014.

Featured Cover Image

The cover image of the 2014 Annual Report shows RCR's Mechanical & Electrical fit out works at Transcity JV's Legacy Way Tunnel, Brisbane, Queensland.

RCR is a leading provider of integrated engineering solutions in the Resources, Energy and Infrastructure sectors.

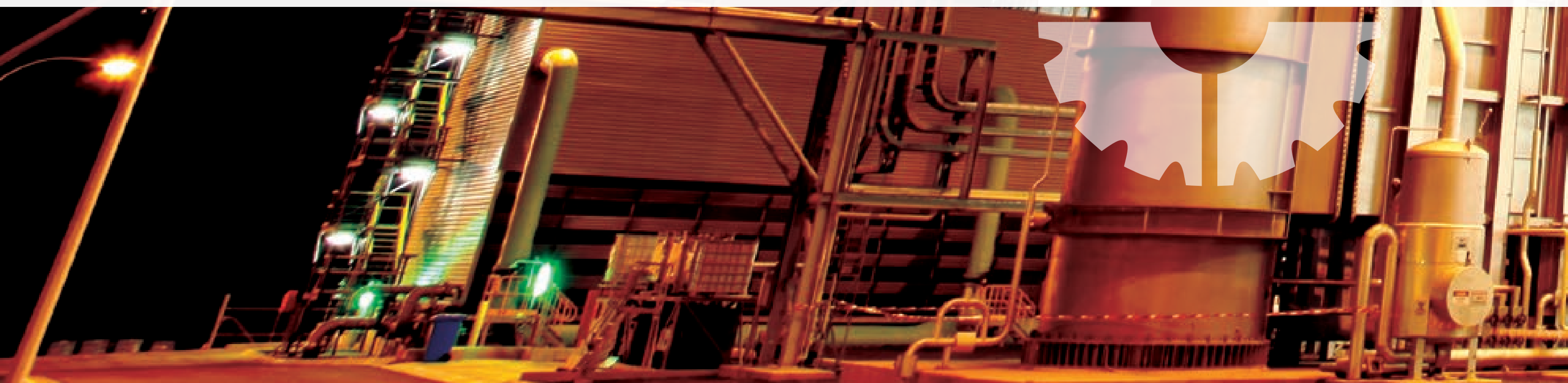
ABOUT RCR

INTEGRATED ENGINEERING SOLUTIONS

A member of the S&P/ASX All-Australian 200 Index employing approximately 4,000 people across Australia, New Zealand and Asia, RCR provides integrated engineering solutions to the Resources, Energy and Infrastructure sectors.

RCR's key operating brands of Tomlinson, O'Donnell Griffin, Haden and Resolve FM, position RCR as one of the leading diversified engineering and infrastructure companies in Australia.

Additional information is available at
www.rcrtom.com.au



OUR CAPABILITIES

OUR BUSINESSES

RCR is one of the leading diversified engineering and infrastructure companies in Australia. RCR provides integrated engineering solutions to the Resources, Energy and Infrastructure sectors, and our company is aligned to service these sectors.

RESOURCES

Engineering, procurement, construction and maintenance expertise for mining and oil & gas projects. Technology leader for surface mining and bulk materials handling.

ENERGY

Technology leader in power generation and energy plants.

INFRASTRUCTURE

Leading provider of electrical and instrumentation, rail and transport, water, HVAC, property services and technical facilities management.

HIGHLIGHTS

SIGNIFICANT FOCUS ON SAFETY

38% decrease in Lost Time Injuries (post 31 July 2013 acquisition), reflecting our targeted focus on safety.

GROWTH THROUGH STRATEGIC DIVERSIFICATION

Significant progress in the integration of our new Infrastructure business.

RECORD SALES REVENUE

Revenue increased by 49% to $1.3B, with more than two thirds generated from our Infrastructure and Energy businesses.

RECORD PROFIT

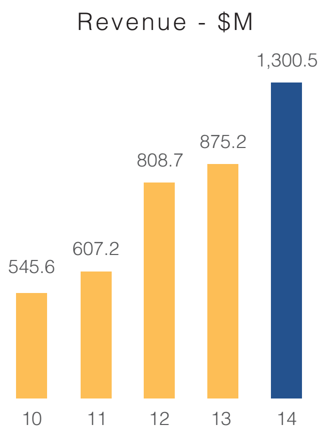
22% increase in Profit to $47.3M (before transaction costs) and 13% increase in Basic Earnings per Share.

GROWTH IN TOTAL SHAREHOLDER RETURNS

5 year TSR of 414% and total dividends up 21% in the year.

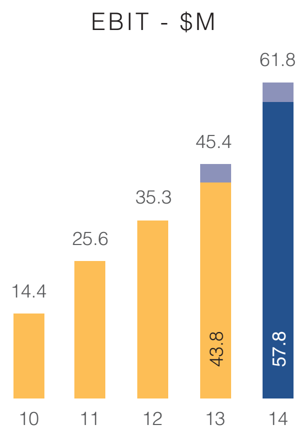
ASX 200 ALL-AUSTRALIAN COMPANY

RCR was admitted in March 2014 to the S&P/ASX All-Australian 200 Index.



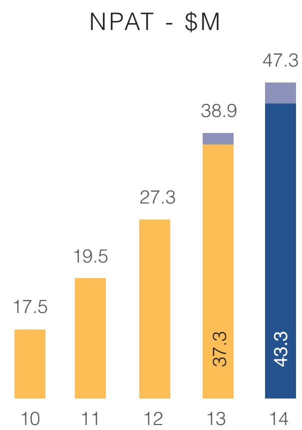
Revenue Increased

49%



EBIT Increased [1]

36%



NPAT Increased [1]

22%

	Measure	FY14	Change
Sales Revenue	$M	1,300.5	49%
EBITDA [1]	$M	83.6	39%
EBIT [1]	$M	61.8	36%
NPAT [1]	$M	47.3	22%
NPAT (statutory)	$M	43.3	16%
Net Debt [2]	$M	57.2	142.8M
Current Order Book	$M	790.0	451.0M
Dividends - Per Share	cents	10.0	21%
Earnings Per Share	cents	31.9	13%
Total Shareholder Returns - 5 year	%	414%	26%

[1] Amounts are before transaction costs of $4.0 million (FY13: $1.6 million) related to the acquisition of the Infrastructure business on 31 July 2013.
[2] At 30 June 2013, the Company held $85.6 million in cash. On 31 July 2013, the Company acquired the Infrastructure business for $148.3 million.

CHAIRMAN'S REPORT

DELIVERED ON OUR STRATEGY

In a transformational year for RCR we have once again delivered on our planned growth strategy, diversifying our business into the infrastructure markets through the acquisition of Norfolk and its key brands O'Donnell Griffin, Haden and Resolve FM.

In 2014, Net Profit after tax ("NPAT") increased 16 per cent to a record $43.3 million, underpinned by record revenue of $1.3 billion. Our earnings growth has been driven by the acquisition of our Infrastructure business, coupled with an improved operating performance for this acquired business.

This is an outstanding result by any measure, and is the mark of a company with clearly defined objectives and the capacity and organisational systems in place to deliver on our long-term strategies.

TARGETED SAFETY IMPROVEMENTS

During the period our focus was on implementing measures to achieve improvements to safety in our newly acquired Infrastructure business, whilst targeting improved health and safety performance across our existing businesses.

In the years ahead we will continue to streamline our health and safety systems and processes and work collaboratively with our workforce to deliver system improvements and efficiency.

Our strategic diversification into infrastructure markets has delivered significant acquisitional growth, and an opportunity to leverage into large infrastructure projects.

CONSISTENTLY OUTPERFORMING FOR SHAREHOLDERS

The year's record financial performance has led the Board to declare a final dividend of 7.0 cents per share, fully franked, lifting the total dividend for the year by 21 per cent to 10.0 cents per share.

Pleasingly, RCR finished the year with a Total Shareholder Return ("TSR") of 26 per cent and a five year TSR of 414 per cent representing in excess of 39 per cent compound growth per annum, which compares extremely favourably to that of our peers.

In a milestone year for our company, RCR welcomed its addition as a constituent member of the S&P/ASX All-Australian 200 Index.

BOARD OF DIRECTORS CHANGES

Your Board remains committed to identifying and attracting suitably experienced leaders at the Board level to ensure that we have the right directors to set our strategic direction and respond to opportunities.

In this regard, we welcomed two new Board members during the year, who both bring significant expertise and knowledge of local and international markets, which is already proving to be of significant benefit to our company and the Board as a whole.

Mr Lloyd Jones joined the Board in November 2013. Lloyd has more than 35 years experience in M & A and executive roles in Australia, USA, Japan and China within the mining and heavy-industry sectors, including roles as a former executive of Alcoa.

Mr Bruce James joined the Board in January 2014. Bruce has more than 35 years engineering experience in the delivery of large scale infrastructure projects, and is a former executive of Transfield Services.

As recently announced, we will shortly add a third new Board member, Ms Sue Palmer, who also brings significant industry expertise.

Ms Sue Palmer will join the Board in late August 2014. Sue has more than 30 years of experience in engineering and construction services and is formerly the Chief Financial Officer and Executive Director of Thiess.

Lloyd replaced Kevin Edwards, who retired after eight years service to the company and Mark Bethwaite also retired. On behalf of the Directors, I thank Kevin and Mark for their valuable contributions over that time.

CONCLUSION

I am confident that as we enter our sixth year under the assured guidance of Dr Paul Dalgleish and his leadership team, we can look forward to the coming year being one focused on consolidation for our enlarged business and on identifying our next large strategic growth opportunity.

As always, our performance would not be possible without the diligence, enterprise and ingenuity of our people who continue to be the bedrock of RCR's success. I would like to thank each of them for their contribution throughout the year.

Finally, I would like to thank you, our shareholders, for continuing to be a part of RCR. I hope you will continue to do so in the years ahead.

R Brown.

Roderick Brown
Chairman

MANAGING DIRECTOR'S REPORT

OVERVIEW

RCR continued to consolidate its position as one of Australia's largest and most diversified engineering and infrastructure companies, delivering our fifth consecutive set of record results.

This success has been driven by our strategy to diversify our revenues and earnings into the infrastructure markets. With the acquisition of our Infrastructure business (formerly Norfolk Group Limited) completed on 31 July 2013, RCR is now the owner of some of our industries' most respected brands, O'Donnell Griffin, Haden and Resolve FM, which collectively have over 200 years of history across Australian and New Zealand markets.

Our diversification and size will generate significant benefits both for our clients and our shareholders through greater capability and capacity and access to large infrastructure projects.

ANOTHER RECORD YEAR

Significant earnings growth through FY14 led to a 36 per cent increase in Earnings before interest and tax ("EBIT") to $61.8 million (before transaction costs), underscored by record revenue of $1.3 billion and EBIT margin of 4.8 per cent. The result included a contribution from the acquired Infrastructure business for eleven months post-acquisition.

Notable achievements during the year included:

- Successful acquisition and integration of our Infrastructure business.
- NPAT of $43.3 million up 16 per cent.
- Earnings per Share up 13 per cent to 31.9 cents per share.
- Total Dividends up 21 per cent to 10 cents per share.
- Strong Balance Sheet with Net Debt down to $57.2 million.
- Order Book of $0.8 billion.
- Total Shareholder Return ("TSR") of 26 per cent over the past year and 414 per cent over five years, equating to a compound annual growth rate of 39 per cent per annum over five years.

RCR has continued to grow by executing on our strategy to diversify into the Infrastructure market and delivering a fifth year of record Profit while maintaining a strong Balance Sheet.

- On 22 March 2014, RCR joined the S&P/ASX All-Australian 200 Index as a constituent member.

During the year we also welcomed two new Non-Executive Directors, Lloyd Jones and Bruce James. I thank them for their positive contributions to our Board and the insights and encouragement provided to management.

STRATEGIC ACQUISITION AND INTEGRATION OF RCR INFRASTRUCTURE

In the eleven months since acquisition, our Infrastructure business has delivered improved operating margins and has secured key contracts to ensure a successful turnaround.

As highlighted at the half-year the company's acquisition of the Infrastructure business is progressing to schedule, with further opportunities to both grow the business and improve profitability in the coming years.

Importantly, the acquisition provides diversification of our annual revenues into the Infrastructure markets, including the rail, road and transport, power transmission and distribution, water, energy, telecommunications and commercial property sectors. These markets make up over half of RCR's total revenue.

SAFETY

With around 4,000 people working across Australia, New Zealand and Asia, it is essential for RCR to have a committed approach to health, safety and environment with its workforce.

We strive to achieve a high level of safety across the group, and measure this against National Occupational Health and Safety reporting standards and against peers in our industry. We achieve this by expecting all of our employees to take individual and company-wide responsibility for safety as they carry out their daily activities.

We also strive for a workplace culture where working safely takes precedence when delivering all tasks.

During the year and post the acquisition of the Infrastructure business, our safety performance showed significant improvement with our Lost Time Injury Frequency Rate ("LTIFR") reducing by 38 per cent over the eleven months.

OPERATIONAL AND FINANCIAL PERFORMANCE

RCR's strategy of revenue diversification coupled with solid performances in our traditional markets saw us deliver a fifth consecutive year of record profit after tax ("NPAT") of $43.3 million for the year ended 30 June 2014. This result is an increase of 16 per cent over the previous financial year and reflects our focus on strategic expansion into the Infrastructure markets.

During the year we delivered record revenues of $1.3 billion, up 49 per cent largely a reflection of the contributions of our newly acquired Infrastructure business and solid performance across our other core businesses of Resources and Energy. Consistent delivery across the company saw EBIT margins reach 4.8 per cent.

Operating cash flows (adjusted for Infrastructure business acquisition) for the year were again very strong at $79.1 million, representing EBITDA conversion of 95 per cent. The company ended the year with net debt of $57.2 million, compared with a net debt position of $90.5 million at 31 December 2013.

The transition from cash of $85.6 million at the beginning of the year to net debt position largely reflects the acquisition of the Infrastructure business at a cost of $148.3 million.

Interest and financing costs were $6.7 million compared with interest income on our cash holding of $2.3 million in the prior year. This represents a $9.0 million difference in interest costs compared with the prior period.

In a transformational year for RCR, we have delivered an outstanding result to consolidate our position as one of Australia's largest and most diversified engineering and infrastructure companies.

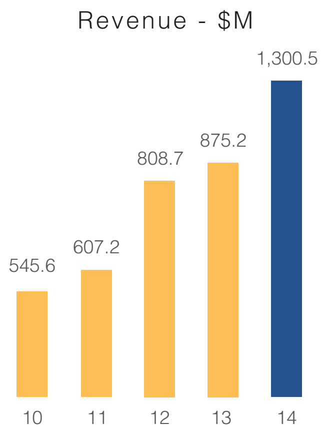
RCR Resources – generated revenues of $444.5 million. A highlight for the year was the successful completion of the second of two Ore Processing Facilities ("OPFs") for Fortescue at its Solomon Mine in the Pilbara in Western Australia. The Kings Valley OPF was completed in just 29 weeks; a record for the industry. RCR has now successfully delivered two OPFs to Fortescue, with a combined production capacity of more than 65 million tonnes of iron ore per annum.

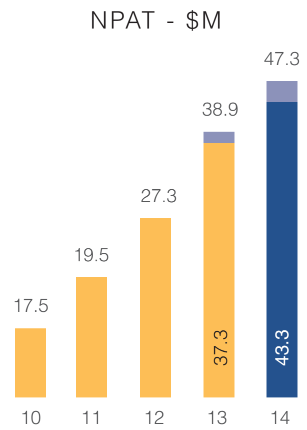
During the year, the business was also awarded major works at Newcrest's Cadia Valley Operations in NSW and Xstrata's Ernest Henry Mine project in North West Queensland, for specialised underground mine work.

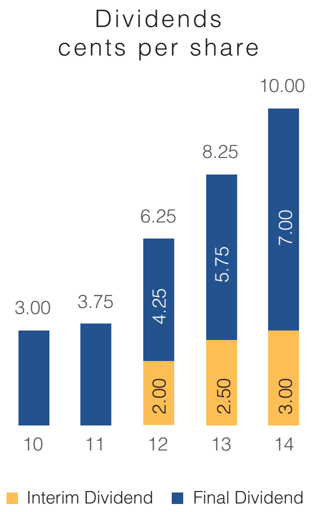
The year also saw a significant award of a turnkey In-Pit Iron Ore Sizing Plant with capacity of 12mtpa to support Rio Tinto's MESA J mining operations at Pannawonica in Western Australia. This awarded outcome is the first success in our strategy to expand RCR mobile mining technologies into the iron ore sector.

Activity in the Mining Technologies and Off-Site Repair ("OSR") and Heat Treatment divisions was solid with another year-on-year increase in our manufactured equipment. There is also increased tendering activity for large materials handling equipment that leverages our exclusive technology partnership with Kopex. OSR activities in our Welshpool and regional workshops continued to generate solid recurring income.

During the year we further expanded our facility in Welshpool WA, which is now the hub for our heavy engineering and OSR activities, heat treatment, power, energy service, O'Donnell Griffin and Haden divisions.







In the new financial year our Mining Technologies division, located in Bunbury WA, will move to new facilities to consolidate a number of sites and support its growth.

RCR Energy delivered revenues of $174.7 million with exceptional project delivery on major projects combined with improved productivity.

With a focus on increasing our global reach in Asian markets, it is pleasing to report that the business was awarded a contract for the design and supply of two dual pressure auxiliary fired Heat Recovery Steam Generators ("HRSGs") for the Thai Oil Refinery in Sriracha, Thailand. To support our ongoing drive into Asia, we have expanded our engineering support activities in Kuala Lumpur.

Further contracts awarded include works for RATCH-Australia on their Combined Cycle Power Plant in Townsville, QLD; and the design and supply of a 20MWt coal fired boiler for Synlait Milk in New Zealand. In addition, RCR supplied boilers to the Yashili Dairy Company in New Zealand.

RCR Infrastructure – Since acquisition, our newly formed Infrastructure business has delivered improved operating margins, focusing on quality revenues and identified cost savings. The business has also dramatically improved the crucial safety indicators of the underlying businesses, appointed new management, and implemented a more robust approach to contract and risk management.

The business delivered revenues of $726.9 million for the eleven months post acquisition. This included revenues generated from our existing power business, which now forms part of RCR Infrastructure.

In December 2013, RCR O'Donnell Griffin, together with its Novo Rail Alliance partners, signed a contract with Transport for NSW, extending delivery of essential signalling, electrical, civil and track projects for a further 5 years. Novo Rail Alliance partners work with Transport for NSW to deliver a substantial portfolio of infrastructure work across Sydney's rail network. Over the past 5 years RCR O'Donnell Griffin has secured work under the Novo Rail Alliance valued at over $200 million.

In 2014, the business was awarded an extension of works for electrical services on the Diamantina Power Station, which has now been completed.

We also commenced work on our $150 million contract on the Legacy Way Road Tunnel in Queensland, in an alliance with Transcity JV. RCR is responsible for delivering comprehensive mechanical and electrical fit-out activities including, HV and LV distribution systems, lighting and general purpose power; installation of jet fans for ventilation, fire detection and suppression systems and closed-circuit television cabling and systems required for operation.

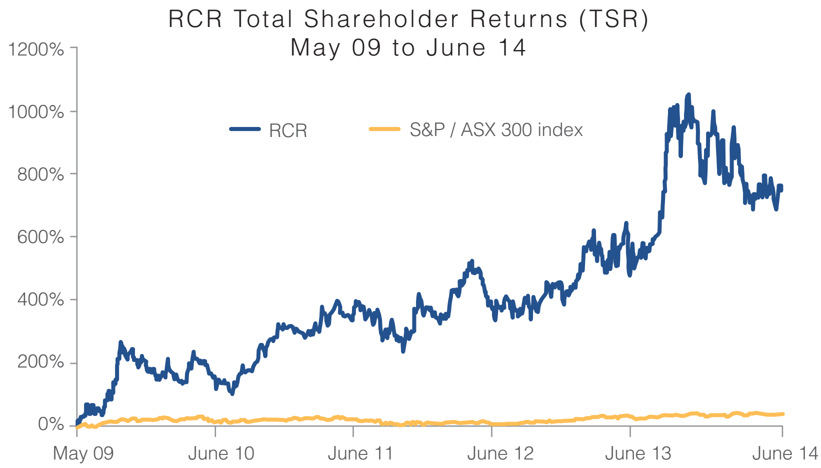
The Infrastructure markets remained strong with significant opportunities emerging in larger rail, road and transport projects, where our O'Donnell Griffin brand has a demonstrated track record in delivering critical infrastructure projects and providing the responsiveness and performance that clients demand.

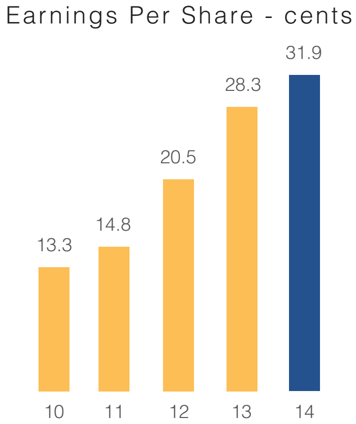
OUR PEOPLE

RCR's success is built on the efforts and diverse capability of our employees. We continue to recognise that support and development opportunities enable us to deliver on our operational commitments and objectives.

Our successful apprenticeship and trainee programs has seen continued investment and growth in our future capacity. We currently support the career ambitions of 285 apprentices and trainees across the business, who will form the foundation of our future skilled tradespeople. Pleasingly, during the year five of our apprentices across our Infrastructure and Resources divisions took out nationally-recognised awards, including 1st, 2nd and 3rd year Apprentice of the Year honours.

We firmly believe that employing our own people improves safety, quality and productivity, and helps to maintain a stable industrial relations environment.





STRATEGIC APPROACH

We will continue to focus on a strategic approach to clients and contracts ensuring company growth and an appropriate risk allocation.

This coming year will see RCR become even more engineering and technology led as we leverage our significant stock of intellectual property across our growing markets.

We continue to progress technology offerings in the following sectors:-

Infrastructure

- Providing rail technology solutions for both signalling and high voltage power.
- Mechanical and electrical services to large tunnel projects.

Resources

- Large Coal mining equipment in conjunction with our Kopex technology.
- Turnkey Iron Ore processing plants and In-Pit Crushing and Conveying ("IP2C").
- Stock yard and port materials handling through our large stacker reclaimers, radial stackers and apron and belt feeders.
- Turnkey minerals processing plants.

Energy

- Boilers and HRSGs for steam production for both power and cogeneration plants.
- Biomass power stations.
- Turnkey gas and coal fired power stations.

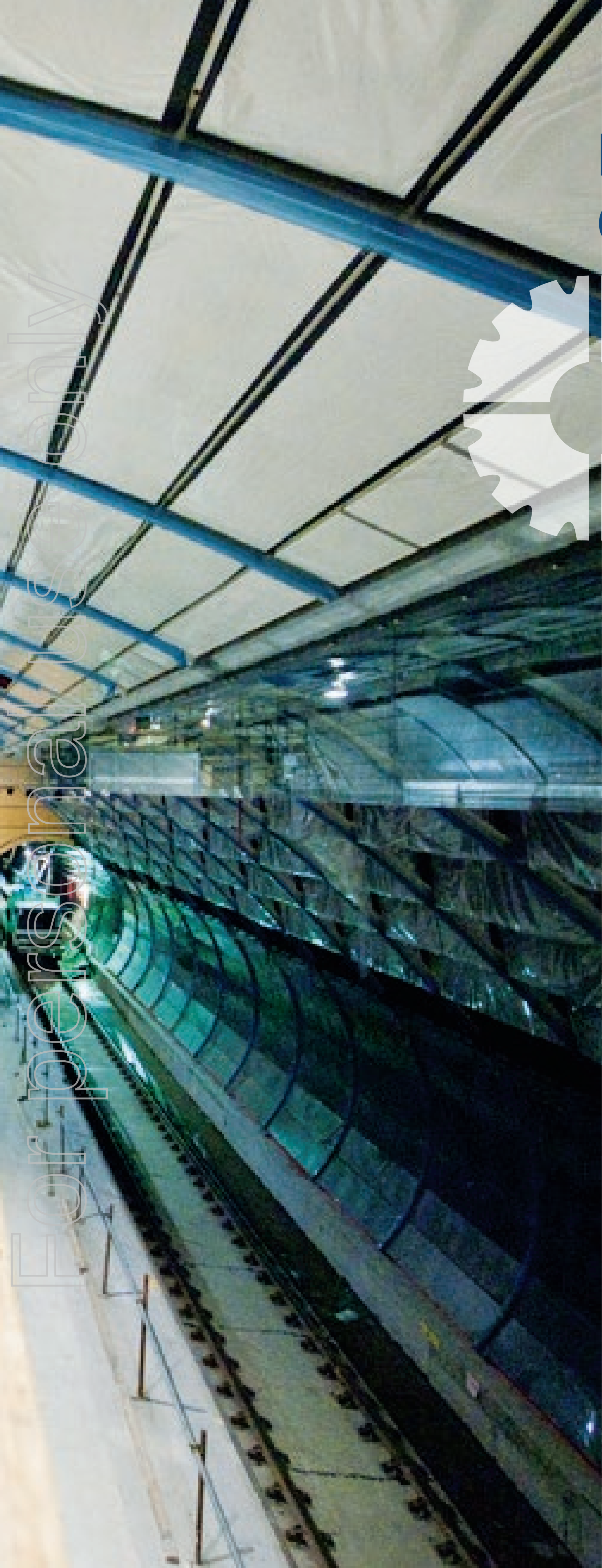
We remain well placed with approximately 70 per cent of our revenues generated from the infrastructure and energy markets, a strong recurring revenue base and a current secured order book of $0.8 billion.

With our strategic diversification we are well placed to capitalise on emerging opportunities in infrastructure.

THANK YOU

Lastly, I would like to thank our customers and shareholders for their support for our growing Company.

Dr Paul Dalgleish
Managing Director & CEO



REVIEW OF OPERATIONS

RESOURCES

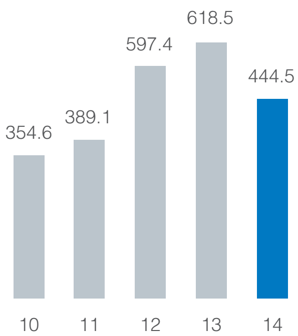
ENERGY

INFRASTRUCTURE

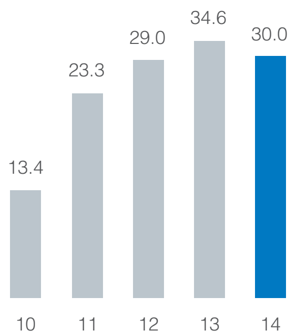
RESOURCES

RCR Resources is a market leader for turnkey engineering, procurement and construction expertise and provider of market - leading turnkey materials handling solutions, from design and manufacture to maintenance and off-site repair.

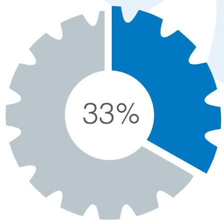
Revenue - $M



EBIT - $M



Revenue Contribution



OVERVIEW

RCR Resources is a leading provider of specialist integrated Engineering, Procurement, Construction ("EPC") services to the mining, coal, oil & gas and LNG sectors. RCR's integrated EPC model allows us to deliver full lifecycle services supported by in-house, construction for Structural, Mechanical and Piping, Electrical and Instrumentation ("SMPE&I"), fabrication, and commissioning capabilities.

RCR's Mining Technologies division is also a market-leader in the supply of a comprehensive range of turnkey surface mining and bulk materials handling equipment solutions. RCR's extensive range of technology solutions includes apron and belt feeders, conveyors, bucket wheel excavators, stackers, reclaimers, spreaders, IP2C and other continuous mobile mining solutions, sizers, scrubbers and screens.

These capabilities are complemented by a comprehensive range of specialist off-site repair ("OSR") services in heavy machinery repairs, heat treatment services, fabrication, shutdown, refurbishment and maintenance services.

These specialist services are provided by an extensive network of regional workshops strategically positioned to service the Pilbara region in WA and the Bowen Basin in QLD; SA, and NSW. Key facilities are located in Welshpool, WA; and Wacol and Gladstone in QLD.

THE YEAR IN BRIEF

The business delivered revenues of $444.5 million (FY13: $618.5 million), which in turn contributed earnings of $30.0 million (FY13 $34.6 million).

Key Projects completed, in progress and/or awarded during the year:

- Construction of 45mtpa Kings Valley OPF for Fortescue's Solomon Mine, which was completed in just 29 weeks (a record for the industry) and commissioning support services (refer to Case Study).
- SMP underground works for Newcrest's Cadia Valley operations - Panel Cave 2, West Crusher; which was delivered ahead of schedule.
- SMP underground works for Xstrata's Ernest Henry Mine project in North West Queensland.
- SMP works for Rio Tinto – West Angelas Deposit B site.
- In-Pit Ore Sizing Plant for Rio Tinto's Mesa J operations.
- Materials handling and process equipment for the Roy Hill Iron Ore Project.
- Preheat and post-weld heat treatment services on Chevron's Gorgon Project.
- Manufacture of a new swivel for Bumi Armada FPSO.

Activity in Mining Technologies for surface mining and materials handling solutions was solid, with an increase in our manufactured equipment and increased tendering which leverages our exclusive technology partnership with Kopex.

To support our clients' operations, OSR and maintenance activities across our key facilities and regional workshops continued to generate solid recurring incomes during the year.

CASE STUDY

OUTLOOK

The Resources business has a forward pipeline of opportunities in the iron ore, coal, oil & gas, LNG and CSG sectors and a solid recurring revenue base for OSR works.

Market interest in turnkey EPC projects has generated a number of enquiries that should provide a good foundation for long-term growth and larger projects. The business will leverage opportunities with RCR's recent acquisition of O'Donnell Griffin to partner and supply integrated SMPE&I delivery where needed.

In addition, RCR's network of strategically positioned workshops will provide opportunities for growth from sustaining capital projects and recurring maintenance and operating capital spending.

Project:	Kings Valley Ore Processing Facility
Client:	Fortescue Metals Group Ltd
Location:	Solomon Mine, Pilbara, WA
Duration:	April – November 2013

Following the successful completion and commissioning of the Firetail Ore Processing Facility (OPF) in early 2013, RCR proceeded with construction of the 45mtpa facility at Kings Valley.

The construction of the Kings Valley OPF was one package within the overall EPC and pre-commissioning works awarded to RCR. The overall scope involved SMPE&I works valued at over $750 million – the Kings Valley OPF's E&I works alone involved over 1,500 personnel with electrical services personnel provided by RCR's Infrastructure business.

The Kings Valley OPF was a milestone project, introducing Fortescue to RCR's innovative and effective contract framework which assisted in delivering a 55 week construction schedule in just 29 weeks.

RCR was able to deliver a vertically-integrated SMPE&I services package to Fortescue, which has proven to be an attractive contracting model sought by many of RCR's clients; while delivering the best possible outcome for Fortescue and the operationally-critical Solomon expansion.

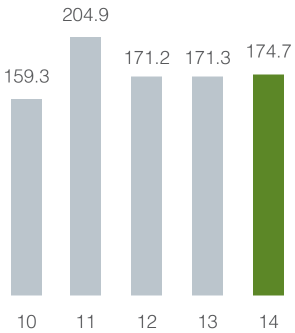
The innovative cost model ensured a co-operative project delivery environment, allowing RCR and Fortescue to collaborate scheduling and project management, and allowed the companies to jointly manage the contractual impact of significant increases in quantities and resources across the design, procurement, fabrication and installation phases.

Safety and quality of construction and installation were maintained to the highest standards while completing this challenging project well within the required timeframe.

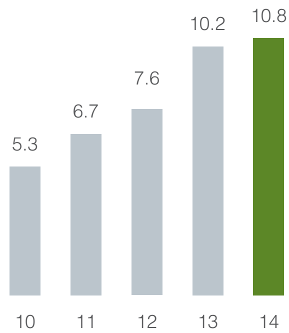
ENERGY

RCR Energy is uniquely placed in Australia, New Zealand and Asia as a leading provider of power generation projects and industrial boilers.

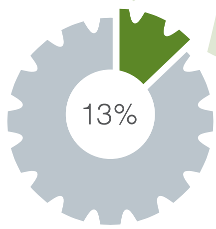
Revenue - $M



EBIT - $M



Revenue Contribution



OVERVIEW

RCR Energy provides integrated solutions for power generation and thermal energy plants, components and systems. Utilising advanced technologies for a range of conventional and renewable fuels, RCR delivers power stations and steam generation plants through turnkey EPC for energy projects across a diverse range of industries including infrastructure, oil & gas and mining.

RCR holds all the major steam cycle and boiler technologies and licences necessary to deliver the majority of power and steam generation projects in Australasia. Technology offerings include a comprehensive range of boiler technologies suitable for coal, biomass, liquid and gaseous fuels as well as Heat Recovery Steam Generators ("HRSGs"), open and combined cycle gas turbine power plants, reciprocating engines and steam and power generation plants.

The Upgrades and Maintenance division across Australia and New Zealand provide shut downs, planned maintenance and plant refurbishment services to major utility power stations as well as process industries. Additionally, the division provides specialised valve refurbishment capability and a pressure part manufacturing facility.

A network of service centres across Australia and New Zealand provide 24/7 service, maintenance and repairs as well as site installation, plant shut-downs, maintenance and commissioning services.

THE YEAR IN BRIEF

The Energy business delivered revenues of $174.7 million and earnings improved to $10.8 million (FY13: $10.2 million). The improvements in earnings and margins throughout the financial year were based on exceptional project delivery on major projects and upgrades and maintenance activities, as well as improved productivity.

Key Projects awarded during the year:

- Design and Supply contract for HRSGs for Thai Oil Refinery in Sriracha.
- Coal fired boiler plants for Westland Co-operative Dairy Company Ltd. (30MWt) and Synlait Milk Limited (20MWt) in New Zealand.
- Evaporator module for Combined Cycle Power Plant for RATCH-Australia.
- Boilers and airheaters for the Yashili Dairy Company and the Dairy Goat Co-Operative, New Zealand.
- Major overhaul of a 270MWe coal fired plant at Alinta Energy's Port Augusta power station.
- Major overhaul and maintenance works of a Methanol plant in New Zealand and a Sulphuric Acid plant in Mount Isa, Queensland.

RCR completed the supply of HRSGs to BHP's Yarmina Project and continues to provide construction and support activities for commissioning. This project showcases RCR's significant capability and intellectual property in energy generation.

CASE STUDY

The business also secured a number of orders to supply critical services to the QLNG project in QLD. This work showcased our ability to upgrade key infrastructure assets in the oil & gas sector.

OUTLOOK

RCR Energy is uniquely placed in Australia, New Zealand and Asia as a leading provider of integrated solutions for power generation projects.

The business is targeting projects where our in-house technology provides a significant advantage in our core markets of Australia, New Zealand and South East Asia. Significantly, we have increased the capacity of our SE Asian engineering office over the year.

RCR is currently bidding a range of new projects in Australia to further grow our Energy business.

Project:	Design, manufacture and supply of Heat Recovery Steam Generators
Client:	CTCI Corporation for Thai Oil Public Company Ltd
Location:	Sriracha, Thailand
Duration:	2014 - Ongoing

RCR Energy was awarded a full design and supply contract by CTCI Corporation in Taiwan as part of the Thai Oil Small Power Producer Project at the Sriracha Refinery, Thailand.

The order was won against several international competitors; RCR has been contracted to provide two supplementary fired, dual pressure, natural circulation HRSGs.

Award of this contract builds on RCR Energy's long-standing relationship with Thai Oil, having previously provided HRSGs based on RCR's leading-edge design, which reduces installation complexity through the use of an innovative modular construction approach.

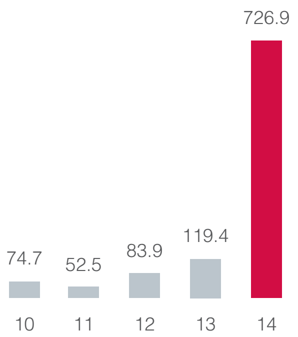
The agreement to supply proprietary HRSG technology to support Thai Oil's Sriracha operation is a key milestone in RCR's strategy to expand our Energy business in South East Asia, and directly establishes RCR in the growing Combined Cycle Power Plant market in Thailand.

This project showcases RCR's significant capability and intellectual property in energy generation including the design, supply and installation of Combined Cycle Power Plants which incorporate RCR HRSGs.

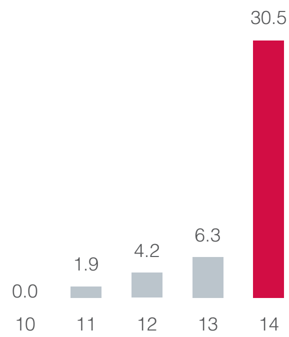
INFRASTRUCTURE

RCR Infrastructure is a leading provider of engineering, technology, property services and electrical and mechanical construction and maintenance to the rail, transport, resources, industrial, water, commercial and property sectors in the Asia-Pacific region, leveraging key brands with over 200 years of collective experience.

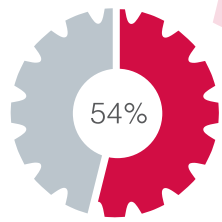
Revenue - $M



EBIT - $M



Revenue Contribution



OVERVIEW

RCR Infrastructure, through its key brands, O'Donnell Griffin, Haden and Resolve FM, provides engineering, technology, property services and electrical and mechanical construction and maintenance to the Infrastructure markets.

The division operates through key lines of business, including:

- Rail - specialist rail signalling design and installation, including overhead wiring systems, traction power and substations, Automatic Train Protection and rail platforms.
- Transport - turnkey mechanical, electrical and fire services for road and rail tunnels.
- Power - Electrical and Instrumentation ("E&I") services.
- Telecommunication, Data and Fire Systems.
- Water - design, construction and maintenance of water treatment solutions.
- Mechanical and HVAC Solutions - mechanical, Heating, Ventilation, Air Conditioning ("HVAC"), refrigeration and industrial ventilation systems.
- Facilities Management - provision of hard and soft facility and property management services.

RCR Infrastructure's key businesses have a long and distinguished history, with Haden's origins dating back to 1816.

O'Donnell Griffin has played an integral role in Australia and New Zealand's Infrastructure sector since 1906.

THE YEAR IN BRIEF

RCR completed the acquisition of the Infrastructure business from Norfolk Group Limited on 31 July 2013.

The business delivered revenues of $726.9 million and earnings of $30.5 million, for the eleven months for the acquired businesses and a full year for RCR's existing Power business, which now forms part of RCR Infrastructure. Revenue and earnings for the prior comparative periods reflect RCR's existing Power business, which included work on the OPFs for Fortescue.

Integration activity for the newly acquired Infrastructure business continues. Since acquisition, the business has delivered much improved operating margins with a focus on quality revenues, dramatically improved its safety performance and secured a five year extension to its rail contract with Transport for NSW through its Novo Rail Alliance, which all contributes to sustain this growth.

Key Projects completed, in progress and/or awarded during the year:

- Rail signalling, electrical, civil and miscellaneous track works for clients including Transport for NSW, BHP Billiton and Metro Trains Melbourne.
- Mechanical, electrical, and fire services for Transcity on the Legacy Way Road Tunnel Project (refer to Case Study).
- Mechanical and electrical services for clients including Diamantina Power Station, Sydney Water, BHP Billiton and Royal Darwin Hospital.
- High-voltage asset replacement works for Gosford City Council, NSW.

- HVAC maintenance of Telstra networks' national infrastructure and national HVAC construction services to national Broadband Network modular data centres.
- Asset maintenance services agreement (2+2 years) for Housing Victoria.

OUTLOOK

The Infrastructure sector remains strong with significant opportunities emerging in larger rail and transport projects, where RCR's O'Donnell Griffin brand has and continues to demonstrate a track record for delivering critical infrastructure projects and providing the responsiveness and performance that clients demand.

The Infrastructure business has a healthy forward pipeline of opportunities in the rail, transport, facilities management and water sectors. The business also has a solid recurring revenue base for HVAC, electrical maintenance works and facilities management.

CASE STUDY

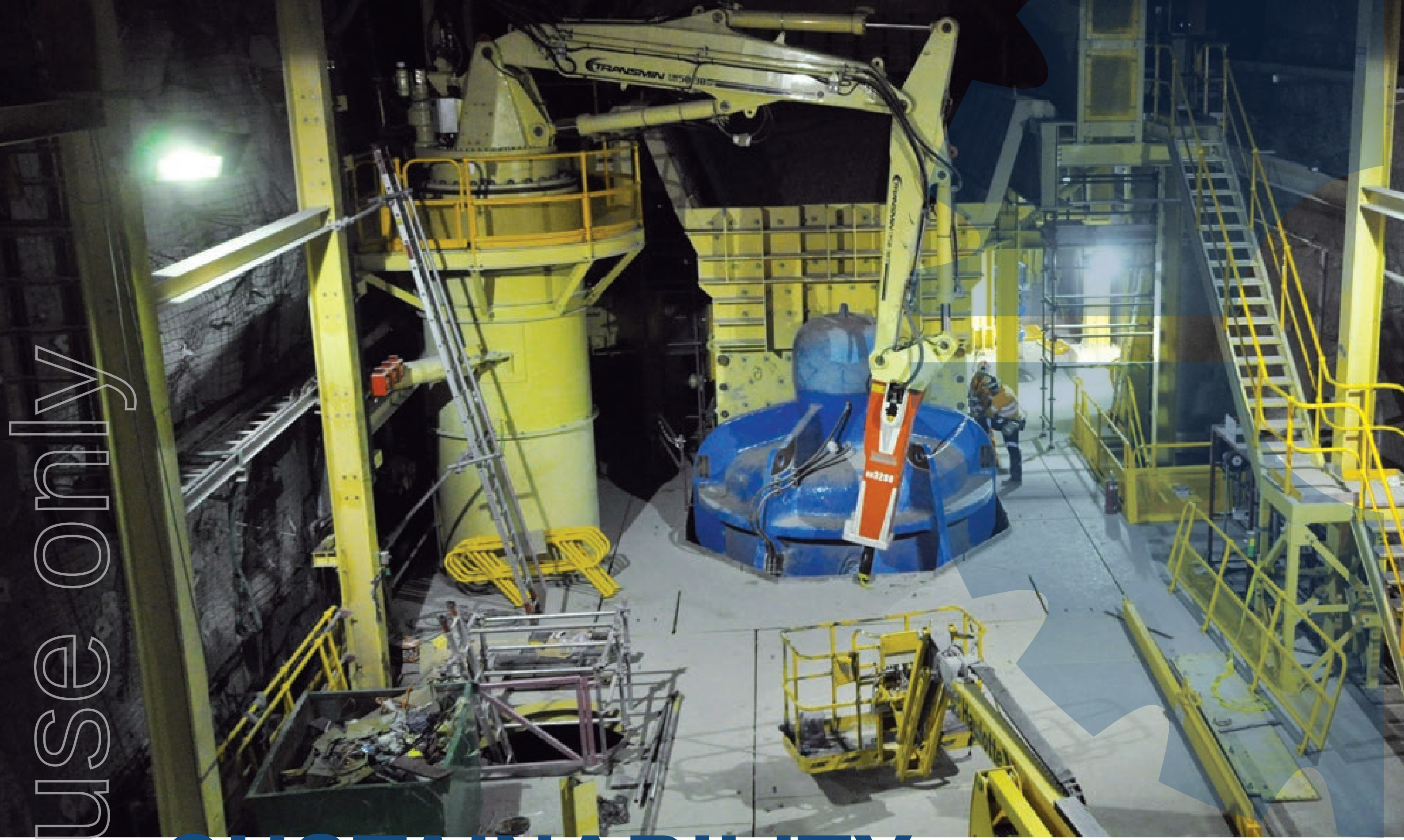
Project:	Legacy Way Tunnel Works
Client:	Transcity JV and City of Brisbane
Location:	Brisbane, Queensland
Duration:	2012 - Ongoing

Legacy Way is Brisbane City Council's 4.6 kilometre road tunnel that will connect the Western Freeway at Toowong with the Inner City Bypass ("ICB") at Kelvin Grove. It will provide an essential alternative route to local roads for traffic leaving the Western Freeway and travelling to and from the ICB.

In alliance with Transcity, RCR Infrastructure is responsible for delivering comprehensive Mechanical and Electrical ("M&E") fit-out activities including HV and LV distribution systems, lighting and general purpose power, installation of jet fans for ventilation; and fire detection and suppression systems. RCR will also install the closed-circuit television cabling and systems required for operation.

This significant and multi-disciplinary contract is valued at approximately $150 million. All M&E activities will be completed towards the end of 2014, with work to then begin on commissioning and testing of the tunnel, under RCR's guidance, in preparation for opening.

Once open in 2015, the Legacy Way Project will reduce, by up to half, the peak-hour travel times of journeys from the Centenary Bridge to the ICB.



SUSTAINABILITY

Our goal is to continue to implement health and safety initiatives that will provide the foundation for sustainable safety performance.

SAFETY

With around 4,000 people working across Australia, New Zealand and Asia, it is essential for RCR to have a committed approach among our workforce to health, safety and environment.

RCR's goal of zero harm requires continuous improvement to target reductions in work-related injuries. Our focus is to achieve this by expecting all our employees to take individual and company-wide responsibility for safety as they carry out their daily activities. During the year, and post the acquisition of the Infrastructure business, our safety performance showed improvement. On 31 July 2013, RCR's leading and lagging safety indicators were adjusted to include those of the acquired Infrastructure business.

Focusing on improving the safety performance and culture of the acquired businesses resulted in improvements in our Lost Time Injury Frequency Rate ("LTIFR") reducing 38% from 2.13 to 1.31 and Total Recordable Injury Frequency Rate ("TRIFR") reducing from 10.05 to 9.37 at 30 June 2014.

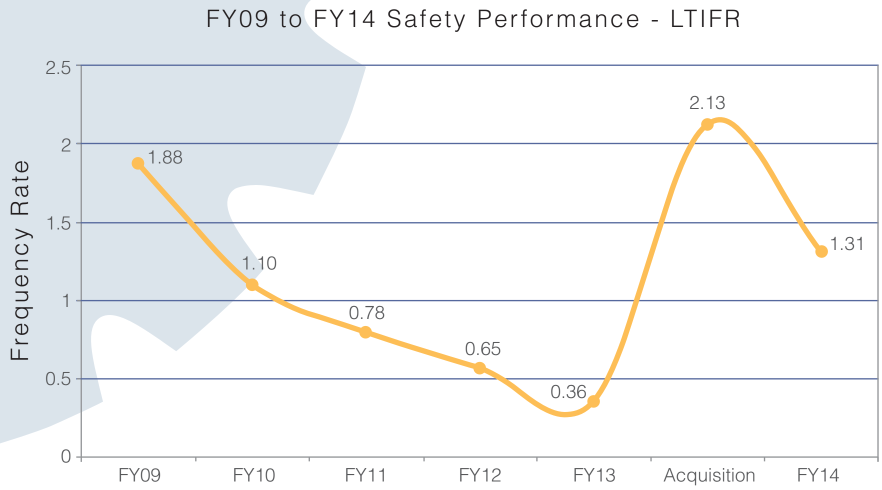
In the years ahead we will continue to work to streamline and integrate RCR's safety management systems throughout each of our businesses, and will continue to implement health and safety initiatives that will provide the foundation for sustainable safety performance across the enlarged RCR. These important initiatives will require a collaborative approach with our workforce to deliver system improvements and efficiency.

Lagging Indicators

- RCR LTIFR reduced by 38% (this includes a 71% improvement in the acquired company safety performance).
- RCR TRIFR reduced by 8% (this includes a 25% improvement to the acquired company safety performance).

Leading Indicators

- 604,315 Take 5 actions completed
- 32,603 Tool Box & Pre-start meetings conducted
- 39,522 Safe Acts Observations conducted
- 49,760 Job Safety Hazard Analyses completed



Certified System
Quality
ISO 9001
SAI GLOBAL

Certified System
Oil & Gas
ISO 29001

Certified System
Health & Safety
AS 4801
SAI GLOBAL

Highlights

10 Years LTI Free

RCR Energy Service, Notting Hill VIC

9 Years LTI Free

RCR Mining Technologies, Bunbury WA

8 Years LTI Free

RCR Resources, Gladstone QLD

5 Years LTI Free

RCR Energy New Zealand
RCR Energy Service, Canning Vale WA

QUALITY AND MANAGEMENT SYSTEM

RCR's management system is designed to support the sustainable development of our business, to increase transparency of key risk indicators, enhance corporate governance and strengthen primary management control strategies.

During the year we continued to improve risk management by managing workflows associated with RCR policies and procedures.

The improved RCR Management System provides staff with a more controlled and efficient environment for cost management through submission, tracking, approval and audit of forms and requests in line with policies and procedures.

Our priorities in the coming year will be to continue to promote, and monitor compliance to, RCR's policies and procedures, and to maintain AS/NZS ISO 9001:2008 certifications across the RCR group by conducting regular internal and external audits of our operational sites. RCR will continue to focus on extending the functionality of the RCR Management System and to integrate the management system across the expanded Group.

Oil & Gas certifications

RCR holds certification to ISO 29001:2010 for Oil & Gas services and certification to API Spec 7-1.

NABERS 5 & 6 star accreditations

RCR's Haden division has developed and executed a number of leading edge commercial building solutions achieving 5 and 6 star NABERS ratings, demonstrating a deep knowledge of energy reduction strategies and targets, across an expansive client base.

Rail accreditation - Authorised Engineering Organisation (AEO)

The Novo Rail Alliance, of which RCR is a key member, attained Authorised Engineering Organisation status.

This independent accreditation from Transport for NSW's Asset Standards Authority demonstrates that the Novo Rail Alliance has in place critical systems and procedures covering engineering management, competency management, configuration management, quality management and systems engineering, across a number of asset lifecycle stages.

PEOPLE

RCR's unique culture underpinned by the core values of safety, integrity, respect, and open communication forms a significant part of the Company's competitive advantage.

RCR's business is built on the efforts and diverse capability of its employees, as RCR continues to recognise that support and development enables us to deliver on our services and execute our strategy. We firmly believe that employing our own people and trades improves safety, quality and productivity, and helps to maintain a stable industrial relations environment.

In the coming year our human resources strategy, function and team will remain at the forefront of RCR, with an increased focus on developing and strengthening our core functions and systems to support the rapid growth in our business.

Apprentices and Traineeships

RCR's successful apprenticeship program has seen continued investment and growth in our future capacity through our apprentice and trainee programs. RCR currently supports the career ambitions of 285 apprentices and trainees across the business, who remain the foundation of our future skilled tradespeople.

Significantly, during the year a number of RCR's apprentices across our Infrastructure and Resources divisions took out nationally-recognised awards, including 1st, 2nd and 3rd year Apprentice of the Year honours:

- Corey Sztama
  Outstanding Achievement, 3rd Year Electrician
- Adam Trudgen
  Alan Broadhead Award - 2nd Year Apprentice of the Year
- Aaron Milkins
  Boilermaker Welder of the Year
- Nathan Giles
  1st Year Apprentice of the Year
- Daniel Smith
  3rd Year Apprentice of the Year

We firmly believe that employing our own people and trades improves safety, quality and productivity, and helps to maintain a stable industrial relations environment.

Diversity

RCR's commitment to diversity and equal employment opportunities has also remained a focus, with our gender and indigenous diversity in parity with peers. The attraction of high calibre employees is an ongoing challenge and despite a weakening resources sector, there continues to be a very competitive employment market for skilled professionals. Combined with a continued focus on people related productivity improvements, RCR will continue to invest in the development and retention of key capability and talent to enable the Company to successfully achieve its vision and to maintain a competitive advantage.

Further details of our Diversity Program are set out in the Corporate Governance Section of this Report.

COMMUNITY

RCR continues to recognise the importance of building relationships and supporting the communities in which we operate, and we are committed to the development, health, safety and wellbeing of these communities and our employees.

RCR's support for communities is focused on children's charities. During the year RCR became a major contributor to the Ronald McDonald House, Perth WA 'Stronger Together' campaign, paving the way for a much-needed new facility to assist families in need. Since opening in November 1990, Ronald McDonald House Perth has provided 'a home away from home' to more than 3,500 rural families with a child undergoing treatment for cancer or other serious illnesses at Princess Margaret Hospital.

RCR also continued to support a variety of local charities, education and sporting programs. Many of these programs allow our employees to participate and raise money for worthwhile charities.

With an increase in doing business internationally, RCR sponsored WaterAid, an international charity whose activities are focused on improving access to safe water, hygiene and sanitation for communities, which offers the chance to support a tangible, life-changing initiative for those in need.

BOARD OF DIRECTORS

Mr Roderick Brown,
AWASM, AICD, AusIMM

Independent Non-Executive Director and Chairman

TERM OF OFFICE

Director since October 2005, Chairman since January 2008

SKILLS AND EXPERIENCE

Mr Brown is an engineer by profession and has extensive experience in marketing and general management. He has held various senior management positions, including Managing Director, with companies involved in the engineering, mining, and industrial service sectors in Australia, USA and Europe and has over 20 years experience as a Company Director.

BOARD COMMITTEE MEMBERSHIP

Member of Remuneration and Nomination Committee

Chairman of Takeover Response Committee

INTEREST IN SHARES AND OPTIONS

136,500 ordinary shares

FORMER AUSTRALIAN LISTED COMPANY DIRECTORSHIPS OVER THE PAST THREE YEARS

Latin Resources Limited – Chairman (21 September 2010 to 25 May 2012)

Dr Paul Dalgleish,
DBA, MA, BE (Hons), FIEAust

Managing Director and Chief Executive Officer

TERM OF OFFICE

Chief Executive Officer since 25 May 2009 and Managing Director since 20 October 2011.

SKILLS AND EXPERIENCE

Dr Dalgleish has over 20 years experience in executive management roles, including service as Chief Executive of United Group Ltd, Infrastructure, Managing Director, Montgomery Watson Constructors – Asia, and executive roles with Thames Water International and Thames Water Asia Pacific Pty Ltd. Dr Dalgleish is a professional engineer, holding a Doctorate in Business and an Honours Degree in Engineering.

INTEREST IN SHARES AND OPTIONS

5,684,151 ordinary shares
1,400,000 options
1,832,180 performance rights

Ms Eva Skira,
B.A (Hons), MBA, SF Fin, Life Member Fin, FAICD, FAIM

Independent Non-Executive Director

TERM OF OFFICE

Director since May 2008

SKILLS AND EXPERIENCE

Ms Skira has a background in banking, capital markets, stock broking and financial markets, previously holding executive positions at Commonwealth Bank in the Corporate Banking/Capital Markets divisions, and later with stockbroker Barclays de Zoete Wedd.

Ms Skira is a professional director and serves on a number of Boards in business, government and the not-for-profit sectors across a range of industries. Ms Skira is currently Chair of the Water Corporation of Western Australia, a Non-Executive Director of Macmahon Holdings Limited, Chair of Trustees of St John of God Healthcare Inc. and recently stepped down as Deputy Chancellor of Murdoch University.

BOARD COMMITTEE MEMBERSHIP

Chair of Audit and Risk Committee

Chair of Remuneration and Nomination Committee

INTEREST IN SHARES AND OPTIONS

Nil

AUSTRALIAN LISTED COMPANY DIRECTORSHIPS

MacMahon Holdings Limited - Non-Executive Director since 26 September 2011

FORMER AUSTRALIAN LISTED COMPANY DIRECTORSHIPS OVER THE PAST THREE YEARS

No directorships held in other listed companies.

Mr Paul Dippie,
NZCE, MNZID, AICD

Independent Non-Executive Director

TERM OF OFFICE

Director since March 2007

SKILLS AND EXPERIENCE

Mr Dippie is an engineer by profession. During his career, Mr Dippie has served on the Board of Scanpower, an electricity utility, during its restructuring into a private company. He was also a former principal and Managing Director of Easteel Industries Ltd, prior to its acquisition by RCR in 2005. Mr Dippie has extensive experience in international marketing and procurement, and a wide understanding of the markets and customers in the energy and resources industries.

BOARD COMMITTEE MEMBERSHIP

Member of Audit and Risk Committee

INTEREST IN SHARES AND OPTIONS

600,000 ordinary shares

AUSTRALIAN LISTED COMPANY DIRECTORSHIPS

No Directorships held in other listed companies.

FORMER AUSTRALIAN LISTED COMPANY DIRECTORSHIPS OVER THE PAST THREE YEARS

No directorships held in other listed companies.

Mr Lloyd Jones,
BEng, MBA

Independent Non-Executive Director

TERM OF OFFICE

Director since
20 November 2013

SKILLS AND EXPERIENCE

Mr Jones is a qualified engineer with significant experience in mining, energy, construction, heavy industrial operations and mergers and acquisitions in Australia, China, Japan and North America.
During his 25 year career at Alcoa, Mr Jones held senior management roles in Australia, the USA, Japan and China. Most recently, he served as President of Cerberus Capital Management's Asia Advisory Unit. Mr Jones is presently a Director of the Myer Family Company and BlueScope Steel Limited, Deputy Chairman of Doric Group and an advisory Director to a division of Deutsche Bank of Australia.

BOARD COMMITTEE MEMBERSHIP

Member of Remuneration and Nomination Committee

INTEREST IN SHARES AND OPTIONS

20,000 ordinary shares

AUSTRALIAN LISTED COMPANY DIRECTORSHIPS

BlueScope Steel Limited - Non-Executive Director since 29 September 2013

FORMER AUSTRALIAN LISTED COMPANY DIRECTORSHIPS OVER THE PAST THREE YEARS

Arafura Resources Limited (ceased 16 February 2012)

Mr Bruce James,
BE (Civil)

Independent Non-Executive Director

TERM OF OFFICE

Director since
28 January 2014

SKILLS AND EXPERIENCE

Mr James is an engineer with experience in infrastructure, resources, oil & gas, defence and energy operations in Australia and New Zealand. During a 35 year career at Transfield Construction Pty Ltd and Transfield Services Limited, Mr James held a number of executive management roles including Chief Executive Officer Transfield Services, Australia and New Zealand and Chief Executive Resources and Energy, until his retirement in 2013.

BOARD COMMITTEE MEMBERSHIP

Member of Audit and Risk Committee

INTEREST IN SHARES AND OPTIONS

10,000 ordinary shares

AUSTRALIAN LISTED COMPANY DIRECTORSHIPS

No directorships held in other listed companies.

FORMER AUSTRALIAN LISTED COMPANY DIRECTORSHIPS OVER THE PAST THREE YEARS

No directorships held in other listed companies.

Ms Sue Palmer,
B.Comm, CA, FAICD

Independent Non-Executive Director

TERM OF OFFICE

Effective from
21 August 2014

SKILLS AND EXPERIENCE

Ms Palmer is a chartered accountant by profession and has over 30 years of experience in senior executive financial roles with a diverse range of organisations. Ms Palmer has a deep financial and commercial experience across a range of industry sectors in Australia and Asia, including construction, mining, energy, infrastructure and agriculture. Prior to becoming a professional director, Ms Palmer was Chief Financial Officer and Executive Director at Thiess Pty Ltd.

BOARD COMMITTEE MEMBERSHIP

Nil

INTEREST IN SHARES AND OPTIONS

Nil

AUSTRALIAN LISTED COMPANY DIRECTORSHIPS

New Hope Corporation Limited (appointed 1 November 2011)

FORMER AUSTRALIAN LISTED COMPANY DIRECTORSHIPS OVER THE PAST THREE YEARS

MSF Sugar Limited (retired 31 March 2012)

FINANCIAL REPORT 2014

Directors' Report

The Directors present their report on the consolidated entity comprising RCR Tomlinson Ltd ("RCR" or "the Company") and its controlled entities ("the consolidated entity") for the year ended 30 June 2014 ("the financial year"). RCR is a company limited by shares that is incorporated and domiciled in Australia.

Board of Directors

The Directors of RCR in office during the financial year and up to the date for this report were:

- Roderick Brown, Independent Non-Executive Director and Chairman
- Paul Dalgleish, Managing Director and Chief Executive Officer
- Eva Skira, Independent Non-Executive Director
- Paul Dippie, Independent Non-Executive Director
- Lloyd Jones, Independent Non-Executive Director (Appointed 21 November 2013)
- Bruce James, Independent Non-Executive Director (Appointed 28 January 2014)
- Kevin Edwards, Independent Non-Executive Director (Resigned 20 November 2013)
- Mark Bethwaite, Independent Non-Executive Director (Resigned 1 October 2013)

Former Non-Executive Directors

Mr Edwards (retired after 8 years of service on 20 November 2013) is a solicitor who practices in Corporate, Commercial and Natural Resource Development areas of the law and is a consultant to the national law firm Minter Ellison. He has previously been a partner of Warren Symington Ralph, Mallesons Stephen Jaques and Minter Ellison. Mr Edwards has considerable experience at Board level in respect to public and private companies, and various major non-profit organisations and other bodies. He has been a Commissioner on the National Companies and Securities Commission and a Commissioner on the West Australian Football Commission.

Mr Bethwaite (retired after 1.5 years of service on 1 October 2013) has been Managing Director of major mining companies North Limited and Renison Goldfields Consolidated Limited and of one of Australia's leading industry associations before retiring in 2006. Now a professional Director, he serves on a number of Boards in business, government, university and not-for-profit sectors and is currently the Chairman of the Sydney Catchment Authority in NSW.

Board Meeting Attendance

Particulars of the number of meetings of the Board of Directors of RCR and each Board committee of Directors held and attended by each Director during the financial year are set out below.

Directors in Office and Attendance at Board and Board Committee Meetings During the Year

	Board Meetings		Audit and Risk Committee		Remuneration and Nomination Committee		Takeover Response Committee	
Director	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend
Roderick Brown	10	10	*1	4	5	5	1	1
Paul Dalgleish	10	10	*4	4	*5	5	1	1
Eva Skira	10	10	4	4	3	3	1	1
Paul Dippie	10	10	4	4	3	3	1	1
Lloyd Jones	6	6	*2	3	3	3	1	1
Bruce James	5	6	2	2	1	2	1	1
Kevin Edwards	4	4	2	2	2	2	-	-
Mark Bethwaite	2	2	-	1	2	2	-	-

* Indicates that a Director attended some meetings by invitation whilst not being a member of a specific committee.

Directors' Interests in RCR Shares, Options and Performance Rights

As at the date of this report, the relevant interests of each Director in RCR shares, options and performance rights, as notified by the Directors to the Australian Securities Exchange in accordance with s.205G(1) of the Corporations Act 2001, are as follows:

Director	Number of Shares	Number of Options	Number of Rights
Roderick Brown	136,500	-	-
Paul Dalgleish	*5,684,151	1,400,000	1,832,180
Eva Skira	-	-	-
Paul Dippie	600,000	-	-
Lloyd Jones	20,000	-	-
Bruce James	10,000	-	-

* Dr Paul Dalgleish's relevant interests, includes 155,575 deferred shares issued under the short-term incentive plan, which are subject to a two year restriction and forfeiture conditions from the date of issue.

Company Secretary

The Company Secretary during the financial year was Darryl Edwards. Mr Edwards was appointed Company Secretary on 9 November 2009. He is a qualified Company Secretary, a fellow of the Governance Institute of Australia (formerly, Institute of Chartered Secretaries in Australia). Mr Edwards has over 15 years experience in mining, media, manufacturing, corporate advisory, corporate governance, capital raising, mergers and acquisitions and commercial and legal matters.

Operating and Financial Review ("OFR")

The information reported in this OFR should be read in conjunction with the Review of Operations on pages 15 to 25. The review sets out, in the opinion of Directors and at the date of this Report, the information that shareholders would reasonably require to assess the consolidated entity's operations, financial position, and business strategies and prospects for future financial years.

Principal Activities

RCR is a diversified engineering and infrastructure company providing turnkey integrated solutions to clients in the Infrastructure, Resources and Energy sectors. RCR has operations across Australia, Asia and New Zealand.

RCR operated through three business units during the financial period – Infrastructure, Resources and Energy. Commentary on the financial performance of the business units is provided below.

Infrastructure – RCR Infrastructure is a leading provider of electrical, rail and transport, HVAC and technical facilities management services. The business operates under its key brands of RCR Power, O'Donnell Griffin, Haden and Resolve FM.

The businesses core capabilities encompass; electrical and instrumentation services; railway signalling and overhead wiring systems; power generation, transmission and distribution systems and generator maintenance; high voltage cabling, switchboards and process control instrumentation; fire and data communications systems; installation and maintenance of mechanical engineering and HVAC; facilities management services; and water treatment systems and technologies. The business operates in Australia, New Zealand and Vietnam.

Resources – RCR Resources is a leading provider of engineering, construction, maintenance and shutdown services (above and below ground) to the mining, resources, oil & gas and LNG sectors.

The business also provides turnkey material handling solutions from design and manufacture, specialist shutdown services, heat treatment services and off-site repairs and maintenance of heavy engineering componentry. The business in Australia operates a number of regional workshops in WA (including the Pilbara region), SA, Queensland and NSW.

Energy – RCR Energy is a technology leader in power generation and energy plants. Utilising advanced technologies for a range of conventional and renewable fuels. RCR Energy delivers power stations and steam generation plants through turnkey engineering, procurement and construction projects across a diverse range of industries including infrastructure, oil & gas and mining. The business operates with key offices in Australia, SE Asia and New Zealand.

Acquisition of Infrastructure Business

On 31 July 2013, RCR completed the strategic acquisition of Norfolk Group Limited ("Norfolk") by way of Scheme of Arrangement. RCR acquired 100% of the shares in Norfolk, together with the businesses and brands of O'Donnell Griffin, Haden and Resolve FM. These businesses, together with RCR Power, form the Infrastructure business.

Group Results

The consolidated entity delivered revenues of $1.3 billion, which were 49% higher than the previous financial year (FY13: $875.2 million), a record activity level for the consolidated entity.

Earnings Before Interest and Tax ("EBIT"), before transaction costs, increased 36% to $61.8 million on EBIT margins of 4.8%. The result includes a contribution from the acquired Infrastructure businesses for the eleven months post-acquisition.

Net finance costs were $6.7 million compared with net interest income of $2.3 million in the prior year, representing a $9.0 million movement year on year.

The effective tax rate for the financial year was 15.3% compared with the prior year of 19.1% and reflects credits for R&D. RCR's future effective tax rate is likely to be closer to 30%.

Net Profit After Tax ("NPAT") improved to $43.3 million (FY13: $37.3 million) representing a 16% increase on the prior comparative period and Earnings per Share ("EPS") increased by 13% to 31.89 cents per share in the year.

The results include $4.0 million of non-recurring transaction costs relating to the acquisition of Norfolk.

Summary of Results

	FY14 $M	FY13 $M	Movement
Revenue	1,300.5	875.2	49%
EBITDA (before transaction costs)	83.6	60.3	39%
Depreciation	(14.7)	(11.0)	
Amortisation	(7.1)	(3.9)	
EBIT (before transaction costs)	61.8	45.4	36%
EBIT Margin	4.8%	5.2%	
Transaction Costs	(4.0)	(1.6)	
EBIT (Statutory)	57.8	43.8	32%
Net (Finance Costs)/Interest Income	(6.7)	2.3	
Profit Before Income Tax	51.1	46.1	11%
Income Tax	(7.8)	(8.8)	
Profit Attributable to Members of RCR Tomlinson Ltd*	43.3	37.3	16%

* As per the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Dividends

In respect of the financial year ended 30 June 2014, the Directors declared the payment of a Final Dividend of 7.0 cents per share (FY13: 5.75 cents) franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares on the Company's register at 11 September 2014 ("Record Date") with payment to be made on 3 October 2014 ("Payment Date").

The amount of the final dividend is $9.73 million. No provision has been made for the Final Dividend in the financial statements as the final dividend was not declared or determined by the Directors on or before the end of the financial year.

The aggregate of both the Interim Dividend and Final Dividend totals 10.0 cents per share (FY13: 8.25 cents), which represents a payout ratio of approximately 31% of profit.

Details on dividends paid in respect of the current financial year and previous financial year are as follows:

	FY14 $M	FY13 $M
Interim Dividend for 2014 of 3.00 cents per share Fully Franked and paid on 4 April 2014	4.1	-
Final Dividend for 2013 of 5.75 cents per share Fully Franked and paid on 4 October 2013	7.8	-
Interim Dividend for 2013 of 2.50 cents per share Fully Franked and paid on 5 April 2013	-	3.3
Final Dividend for 2012 of 4.25 cents per share Fully Franked and paid on 5 October 2012	-	5.6
	11.9	8.9

Business Units Performance

During the year, RCR structured its business into three core units, namely Infrastructure, Resources and Energy. The Infrastructure business includes RCR's existing Power business together with the Norfolk acquired businesses of O'Donnell Griffin, Haden and Resolve FM.

The results of each business for the year are summarised below and in the Review of Operations on pages 15 to 25.

	Revenue		Earnings		EBIT Margin	
Business Unit	FY14 $M	FY13 $M	FY14 $M	FY13 $M	FY14 %	FY13 %
Infrastructure	726.9	119.4	30.5	6.3	4.2	5.3
Resources	444.5	618.5	30.0	34.6	6.7	5.6
Energy	174.7	171.3	10.8	10.2	6.2	6.0
Inter Business Sales	(45.6)	(34.0)	-	-	-	-
Corporate	-	-	(9.5)	(5.7)	-	-
Revenue and EBIT	1,300.5	875.2	61.8	45.4	4.8	5.2
Transaction Costs	-	-	(4.0)	(1.6)	-	-
Net (Finance Costs)/Interest Income	-	-	(6.7)	2.3	-	-
Income Tax Expense	-	-	(7.8)	(8.8)	-	-
Revenue and NPAT	1,300.5	875.2	43.3	37.3	-	-

Infrastructure - as highlighted at the half-year, the Company's acquisition of the Norfolk business on 31 July 2013 is progressing to schedule and a number of initiatives have resulted in significant cost savings and overhead reductions.

Post acquisition, the business has been focused on opportunities to grow the business and improve profitability in the coming years. Infrastructure delivered revenues of $726.9 million and an EBIT margin of 4.2% on earnings of $30.5 million for the eleven months for the acquired businesses and a full year for RCR's existing Power business. Revenue and earnings for the prior comparative period reflect RCR's existing Power business, which now forms part of the Infrastructure business. In the prior comparative period, and for the first half, RCR's existing Power business revenue and earnings included work on the OPFs for Fortescue.

Integration activity for the newly acquired Infrastructure business continues to ensure that RCR fully realises its potential. Since acquisition on 31 July 2013, the business has delivered improved operating margins, focused on quality revenues, dramatically improved the crucial safety culture and indicators of the underlying businesses and secured a key five year extension to its rail contract with Transport for NSW through its Novo Rail Alliance.

The Infrastructure sector has emerging opportunities in larger rail and transport projects, where RCR's O'Donnell Griffin brand has positioned itself with a track record of delivering critical infrastructure projects and providing the responses and performance that clients demand. The business also commenced work on $150 million contract for Legacy Way Tunnel Project in Queensland, where RCR is in an alliance with Transcity.

Infrastructure has a pipeline of opportunities in rail (both through its Novo Rail Alliance and O'Donnell Griffin Rail division), transport, facilities management and water. The business also has a solid recurring revenue base for HVAC, electrical maintenance works and facilities management.

Resources - generated revenue of $444.5 million (FY13: $618.5 million), and earnings of $30.0 million (FY13: $34.6 million), reflecting completion during the first half of the year of the contract to build two Ore Processing Facilities ("OPF") for Fortescue.

Highlights for the year, were the successful completion of the two OPFs for Fortescue at its Solomon Mine in the Pilbara and award of underground works at Newcrest's Cadia operations and Xstrata's Ernest Henry Mine.

Activity levels for materials handling solutions were strong with an increase in our manufactured equipment and a focus on leveraging our exclusive technology partnership with Kopex.

Off-site Repair ("OSR"), heat treatment and maintenance activities in our Welshpool, Wacol and regional workshops continued to generate solid recurring incomes during the year.

Energy – delivered revenues for full-year of $174.7 million, which were marginally higher than last year (FY13: $171.3 million), while earnings improved to $10.8 million (FY13: $10.2 million) due to improved profitability on major projects in Australia and New Zealand. Key contracts included work for BHP Billiton - Yarmina Project, Alinta Energy – Flinders Power Station Project, Fonterra Dairy, Methanex, and Nestle.

The Energy business is bidding on a number of prospects in its core Australian, New Zealand and South East Asia markets for energy projects and equipment supply. The Energy Service, Laser, and Upgrades and Maintenance divisions continue to make positive contributions to performance and generate solid recurring revenues.

Financial Position

Net Assets

Net assets improved to $289.1 million on the back of increased earnings and after the payment of $11.9 million in dividends to shareholders.

Operating Cash Flow

The adjusted operating cash flow reflects an EBITDA conversion of 95% and demonstrates RCR's rigorous focus on cash and working capital management.

	FY14 $M	FY13 $M
EBIT (before transaction costs)	61.8	45.4
Add: Depreciation and Amortisation	21.8	14.9
EBITDA (before transaction costs)	83.6	60.3
Operating Cash Flow	14.4	70.4
Add: Tax paid	19.9	2.7
Add: Interest paid	5.7	-
Add: Norfolk transaction costs	4.3	1.3
Add: Norfolk creditors and tax alignment	39.9	-
Add: Norfolk restructure costs	8.9	-
Add: Resources major project working capital movement	14.6	18.5
Less: Norfolk WIP collections	(14.0)	-
Less: Infrastructure major project prepayment	(14.6)	-
Adjusted Operating Cash Flow	79.1	92.9
EBITDA conversion	94.6%	154.1%

Infrastructure Business Acquisition Outflows

On 31 July 2013, the consolidated entity concluded the Norfolk acquisition through a scheme of arrangement. Consideration for Norfolk comprised $77.8 million for 100% of the shares and assumed net debt of $70.5 million as at 31 July 2013, for a total consideration of $148.3 million. The acquisition was financed in part through RCR's cash reserves and from a new banking facility agreement, entered into on 11 July 2013, with the Commonwealth Bank of Australia.

Acquisition related costs amounting to $4.0 million (FY13: $1.6 million) have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the financial year.

As part of the acquisition the Company paid $39.9 million to align pre-acquisition creditors to normal terms of trade and paid $8.9 million in restructure costs.

Included in the Norfolk balance sheet (at acquisition) was the potential to collect, depending upon the extent to which it could be recovered, uncollected working capital. During the financial year the Company collected $14.0 million and continues to pursue further uncollected working capital.

The fair value of Norfolk's net assets acquired was $12.8 million (comprising $286.1 million in assets and $273.3 million in liabilities) which resulted in the consolidated entity recording $64.9 million of goodwill on acquisition. Further details on the fair value of assets and liabilities acquired on acquisition are set out in the Financial Statements in Note 35.

Cash and Net Debt

Cash holdings decreased from $85.6 million cash in hand at the beginning of the financial year to a Net Debt position of $90.5 million at the end of the first half (i.e. 31 December 2013). By year end net debt reduced to $57.2 million. Net debt at 30 June 2014 comprises $42.6 million cash in hand and $99.8 million in borrowings (bank borrowing and finance lease liabilities).

The movement to a net debt position was the result of the Company acquiring Norfolk on 31 July 2013, which was funded part in cash and part from new bank borrowings.

RCR's gearing ratio of net debt /(net debt + equity) at 30 June 2014 was 16.5%.

Bank Facilities

On 11 July 2013, the Company secured an agreement with the Commonwealth Bank of Australia for a $280 million banking facility. The banking facility provided the Company with funding to complete the acquisition of Norfolk and in addition it provides access to ongoing working capital for RCR's enlarged operations.

The three year Banking Facility (ending 11 July 2016) comprises:

- A cash advance facility of $110 million, which was used to fund the Norfolk acquisition. This facility is subject to repayments of $5 million per quarter commencing six months from first draw down. At 30 June 2014, the cash advance facility had reduced to $100 million;
- A multicurrency contingent instrument facility of $120 million, which includes trade finance and bank guarantee facilities; and
- A multi option facility of $50 million, for working capital, which includes overdraft, cash advance and business credit cards.

Insurance Bonding Facilities

The Company has insurance bonding facilities totalling $150 million. At 30 June 2014, the facilities utilised amounts to $55.7 million.

Capital Management and Earnings per Share

At 30 June 2014, there were 136,868,560 fully paid ordinary shares, 1,400,000 options and 6,163,018 performance rights on issue.

The consolidated entity achieved, during the reporting period, a 13% (FY13: 38%) increase in basic EPS to 31.89 cents per share (FY13: 28.27 cents per share).

People and Safety

The RCR business is built on the efforts and capability of its employees and their support and development remain a priority to ensure the business can deliver on its services and strategy.

The consolidated entity employed 4,000 employees as at 30 June 2014 (June 2013: 2,655), inclusive of 285 apprentices and trainees across its business.

The health and safety of RCR's workforce is the Company's first priority. The Company's goal of zero harm requires continuous improvement to achieve reductions in work-related injuries. The Company has continued to improve the safety culture with Lost Time Injury Frequency Rate ("LTIFR") reducing from 2.13 at 31 July 2013 (post acquisition of Norfolk) to 1.31 per million hours worked at 30 June 2014. Furthermore, the consolidated entities Total Recordable Injury Frequency Rate ("TRIFR") reduced from 10.05 (post acquisition of Norfolk) to 9.37 per million hours worked.

Business Strategies and Prospects for Future Financial Years

RCR develops a five year strategy at an overall group level and for each of its three core businesses. The strategic plan is reviewed annually by the Board. It is continuously updated and adjusted taking into account changes in the competitive landscape and for significant changes in our business.

The fundamental objective of the strategic plan is to deliver value to our customers and returns to our shareholders.

RCR's overall strategy is to increase its position as a leading engineering and infrastructure services company, focusing on providing turnkey engineering solutions and self-perform end-to-end services in Infrastructure, Resources and Energy in Australia, New Zealand and Asia.

The specific strategic objectives, RCR's prospect of achieving them and the risks that could adversely affect their achievement are set out below.

During the year RCR completed the strategic acquisition of Norfolk, which was a key growth strategy for RCR in recent years. The acquisition of Norfolk significantly diversifies our revenues and earnings, with approximately 70% of our annual revenues now delivered from our Infrastructure and Energy businesses.

RCR sees opportunities in the large Infrastructure markets, particularly in Rail, Water and Transport, which includes services in engineering, procurement and construction across new capital projects, maintenance, and operational support services. A key component of our strategy is to complete the integration of our newly acquired Infrastructure business.

RCR's strategy includes building our capability and leveraging our technologies to enable RCR to deliver larger projects in our core markets and move into new market sectors and services and geographical markets such as South East Asia.

Equally, RCR will continue to develop our Energy and Resources service offerings, which include engineering, procurement and construction, maintenance, and operational support services. Core to our capability is the ability to deliver large scale projects both on a reimbursable and lump sum basis and the provision of front-end engineering design and detailed engineering for our own proprietary equipment and technologies.

Our strategic objectives are also focused on delivery of engineering led, high intellectual property ("IP") generated products and services which provide opportunities for RCR and its customers.

RCR's prospect of achieving its strategic goals and the risks that could adversely affect their achievement are set out below.

Prospects

While recognising the specific challenges in the markets in which RCR operates, RCR expects its diversification across sectors (Infrastructure, Resources and Energy) and geographic regions (Australia, New Zealand and South East Asia) will enable RCR to capitalise on any future merging opportunities.

RCR's growth strategy also includes targeting organic growth as well as growth through acquisition opportunities that provide value for our shareholders.

Subject to the risks inherent in our core businesses (outlined below), our prospects remain the same based on our competitive position, our diversified operations and financial capacity.

RCR's short-term focus is on securing revenue for the 2015 financial year and continuing to drive down costs through improved project execution.

Material Risks

RCR has a risk management policy and internal controls to enable the identification, assessment and mitigation of material business risks. Key processes include tender, contracting and project management, treasury and credit risks. For further information in relation to RCR's risk management framework, refer to section 3 of the Corporate Governance Statement.

Achievement of our short-term, medium and long-term prospects may be impacted by a number of risks, many of which are beyond our control.

Those risks could, individually or together, have an adverse effect on achievement of our annual operating plan and long-term strategic objectives. Set out below is an overview of a number of material risks that RCR's businesses face.

The risks are not set out in any particular order and do not comprise every risk that RCR businesses face in conducting their affairs. The risks may affect the achievement of RCR's short-term, medium and long-term business plans. Rather, they are the most significant risks that, in the opinion of the Board, should be monitored and managed and considered by investors before investing in RCR.

- Health, Safety and Environment ("HSE") Risk: RCR's businesses are subject to OH&S and Environmental regulations, which establish certain responsibilities on RCR and its Officers and standards in the workplace. RCR's industry involves a high degree of operational risk and whilst RCR believes it takes reasonable precautions to manage the safety and environmental risks, there can be no assurance that we will avoid significant costs, liability and penalties or criminal prosecution.

- Project Delivery Risk: The execution and delivery of projects and supply of RCR proprietary equipment involves professional judgment regarding the design, planning, development, construction, and operation of complex operating facilities and equipment. Some parts of RCR's business are involved in large-scale, complex projects that may occur over extended time periods. As a result our operations, cash flows and liquidity could be affected if RCR miscalculates the resources or time needed to complete a project, fail to meet contractual obligations, or encounter delays due to varying conditions. In addition some projects require payment of liquidated damages if RCR does not meet project deadlines. Furthermore, any defects or errors, or failures to meet our customer's expectations could result in large claims against RCR.

- Competition Risks: The markets in which RCR operate are highly competitive, which may result in downward pressure on prices and margins. If RCR is unable to compete effectively in its markets, it runs the risk of losing market share.

- Demand Risk: RCR derives revenues from the Infrastructure, Resources and Energy markets. In these markets the timing of or failure to obtain contracts, delays in awards of contracts, cancellations, delays in completion, changes in economic conditions, volatile cyclical nature of commodity prices and demand for our customers' goods and services means that the demand for RCR's goods and services can be cyclical and may sometimes vary markedly over relatively short periods. Accordingly, any change to these markets or key customers could impact RCR's financial performance.

- Contract Pricing: RCR has mixed exposure to fixed price contracts (lump sum) and reimbursable contracts. However, if RCR materially underestimates the cost of providing services, equipment, or plant, there is a risk of a negative impact on RCR's financial performance. For lump sum contracts RCR completes executive reviews for tenders above $15 million and Board reviews for tenders above $30 million.

- Revenue Recognition: RCR recognises revenue on fixed price contracts using the percentage of completion method, measured by the percentage of costs incurred to date to total estimated cost for each contract. This relies on estimates of total expected contract costs and periodic review by management as the work progresses. Variations of actual results from estimates on large projects or a number of small projects could impact RCR's financial performance.

- Contractual Risk: RCR, from time to time, may bring contractual claims for additional costs or time or for variations. If RCR fails to provide the necessary documentation to substantiate claims or are otherwise unsuccessful in negotiating a reasonable settlement, RCR's financial performance could be affected.

- Legal Claims and Proceedings: RCR may be subject to various claims or legal proceedings which arise in the ordinary course of business. These claims may seek, amongst others things, compensation for alleged personal injury, workers compensation, breach of work place practices, breach of contract or statutory duty, property damage, liquidated damages and contractual claims. The outcomes of these disputes can be difficult to predict. An adverse determination on such claims or proceedings may harm our reputation and in certain instances where our insurance coverage is inadequate, may cause a material negative impact on any one year's financial performance.
- Business Acquisitions: When RCR acquires a business there is a risk of not being able to realise or sustain expected benefits of the acquisition. The goodwill recorded amounts to what was paid for the business less the fair value of the net assets acquired. RCR periodically reviews the carrying value of goodwill and may incur impairment charges related to goodwill if the businesses or markets they serve deteriorate. In addition, businesses that RCR acquires may have liabilities that RCR were unaware of in the course of performing due diligence investigations. Any such liabilities may have a material adverse impact on RCR's business and financial position.
- Order Book and Backlog: RCR's order book and backlog comprise certain estimates, are unaudited, vary from time to time and may be impacted by project delays or cancellations. Accordingly, RCR's order book at any particular date is an uncertain indicator of future earnings.
- Liquidity Risk: RCR uses credit facilities in order to conduct its activities, which may be terminated under certain circumstances, including breach of financial covenants (which may result from poor financial performance) or from other material adverse events. RCR seeks to ensure that it has effective cash management processes and carries sufficient cash and credit lines to meet expected operational expenses, including obligations to our lenders. In addition, RCR under certain contracts is required to provide its customers security in the form of a bank guarantee or insurance bond. Under certain conditions, RCR's customers may call upon these financial instruments. The termination of credit facilities by RCR's credit provider or the draw down on bank guarantees or insurance bonds by clients may have a materially adverse impact on RCR's financial position.
- Partner Risk: RCR, in some cases, may undertake services through and participate in joint ventures or partnering/alliance arrangements. The success of these partnering activities depends on the satisfactory performance by RCR's partners. The failure of partners to meet performance obligations could impose additional financial and performance obligations that could cause significant impact on RCR's reputation and financial results, including loss or termination of the contract and loss of profits.

Other material risks that could affect RCR include:

- A major operational failure or disruption at key facilities or to communication systems which interrupt RCR's business;
- Changing government regulation including tax, occupational health and safety, and changes in policy and spending;
- Operating in international markets can expose RCR to economic conditions, civil unrest, conflicts, and bribery and corrupt practices;
- Loss of reputation through poor project outcomes, unsafe work practices, unethical business practices, and not meeting the market's expectation of our financial performance;
- Foreign exchange rates and interest rates in the ordinary course of business; and
- Loss of key Board, management or operational personnel.

Significant Changes in the State of Affairs

Acquisitions – On 31 July 2013, the consolidated entity concluded the acquisition, through a scheme of arrangement, of Norfolk. Consideration for Norfolk comprised $77.8 million for 100% of the shares and assumed debt of $70.5 million as at 31 July 2013, for a total consideration of $148.3 million.

The acquisition provides an opportunity for RCR to access the Infrastructure sector and grow the existing business through diversification of Revenues and Earnings across sectors and geographies. The acquisition was financed in part through RCR's cash reserves and from a new $280 million banking facility agreement, entered into on 11 July 2013, with the Commonwealth Bank of Australia. Details are provided in Note 22 and 29.

Following the acquisition of Norfolk on 31 July 2013, RCR changed its business structure into three business streams (previously four), namely; Infrastructure, Resources and Energy. The result is a more diversified company with an expanded footprint across our end markets. Importantly, the acquisition diversifies around 70% of RCR's annual revenues into Infrastructure and Energy markets, including rail, transport, power generation, transmission and distribution, telecommunications and commercial property sectors.

Matters Subsequent to the End of the Financial Year

Since the end of the financial year, the Directors have resolved to pay a final dividend of 7.0 cents per share. In accordance with AASB 137 Provisions, Continent Liabilities and Contingent Assets, the aggregate amount of the final dividend of $9.73 million is not recognised as a liability as at 30 June 2014.

No other matter or circumstance has arisen, since 30 June 2014 that, in the opinion of the Directors, has or may, significantly affect the operations or financial position of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future periods.

Likely Developments

Other than as disclosed above, information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Environmental Disclosure

The Company's operations are subject to various Commonwealth and State laws governing the protection of the environment. As far as the Directors are aware, there have been no material breaches of the Company's licenses and all activities have been undertaken in compliance with the relevant environmental regulations.

Carbon and Energy Emissions

The Company is registered under the National Environment Protection (National Pollutant Inventory ("NPI") and National Greenhouse and Energy Reporting Act 2007 ("NGER Act"). The Company reports its energy consumption and carbon emissions under the NPI and NGER. The Company and its controlled entities are below the threshold for reporting on carbon emission.

Options Over Unissued Shares

Options on Issue

At as at the date of this report, there are 1,400,000 (FY13: 5,203,015) options on issue. No options were issued during the financial year and no options have been granted since the end of the financial year and the date of this report. No option holder has any right under the terms of the options to participate in any other share issue of the Company.

Details of options over unissued shares in RCR as at the date of this report are set out below:

	Number	Exercise price	Grant Date	Expiry Date
Unlisted Options	1,400,000	$0.39	17 Jun 2009	30 Sep 2016

Options Exercised, Forfeited, Cancelled or Lapsed

During or since the end of the financial year a total of 3,803,015 options were exercised, forfeited, cancelled, expired, or lapsed in accordance with the terms of the issue.

Performance Rights Over Unissued Shares

Performance Rights on Issue

As at the date of this report, there are 6,163,018 performance rights on issue (FY13: 6,836,776). During the year 2,693,018 performance rights were granted (FY13: 4,360,000) to eligible employees in accordance with the terms of the Company's Long-Term Incentive Plan ("LTIP") as approved by shareholders. Since the end of the financial period no performance rights have been granted, forfeited or cancelled. Performance rights have no exercise price on vesting.

Details of performance rights granted to executives as part of their remuneration are set out in the Remuneration Report.

Details of performance rights as at the date of this report are set out below:

Class of Securities	Number	Expiry Date
Unlisted Performance Rights	800,000	30 Sep 2014
Unlisted Performance Rights	100,000	15 May 2015
Unlisted Performance Rights	2,820,000	31 Aug 2015
Unlisted Performance Rights	50,000	6 Jan 2016
Unlisted Performance Rights	50,000	28 Feb 2016
Unlisted Performance Rights	100,000	15 May 2016
Unlisted Performance Rights	1,743,018	31 Aug 2016
Unlisted Performance Rights	50,000	6 Jan 2017
Unlisted Performance Rights	25,000	28 Feb 2017
Unlisted Performance Rights	100,000	15 May 2017
Unlisted Performance Rights	250,000	31 Aug 2017
Unlisted Performance Rights	50,000	6 Jan 2018
Unlisted Performance Rights	25,000	28 Feb 2018
	6,163,018	

Performance Rights, Vested, Forfeited or Lapsed

During, or since the end of the financial year, 1,296,776 ordinary fully paid shares were issued for no consideration (FY13; 1,256,666) on the vesting of 1,296,776 performance rights (FY13: 1,256,666).

During or since the end of the financial year, 2,070,000 performance rights were forfeited or cancelled in accordance with the terms of the LTIP.

Indemnities and Insurance

During the financial year the Company insured the Directors and Officers, including former Directors and Officers of the Company and of any related body corporate, against liabilities incurred by a Director or Officer to the extent permitted by the Corporations Act 2001.

The Officers of the consolidated entity covered by the insurance policy include any person acting in the course of duties for the consolidated entity who is, or was, a Director, executive officer, company secretary or a senior manager within the consolidated entity.

The liabilities insured relate to:

- Legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers, in their capacity as Officers of entities in the consolidated entity; and
- Any other liability that may arise from their position, with the exception of conduct involving a wilful breach of duty or the improper use by the Officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liability and legal expenses and insurance contract, as such disclosure is prohibited under the terms of the contract of insurance.

Non-Audit Services

In accordance with the Company's External Audit Policy and Guidelines, the Company may decide to engage the external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the consolidated entity is important.

During the financial year, the Company's external auditor, Deloitte Touche Tohmatsu, performed certain other services in addition to its statutory audit duties. The total remuneration for audit and non-audit services provided during the financial year is set out in Note 38 of the financial report.

The Board has adopted a policy outlining the provision of non-audit services by the external auditor, Deloitte Touche Tohmatsu. The Board has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services detailed in Note 38 of the financial report was compatible with the general standards of independence for auditors imposed by the Corporations Act 2001.

The Board is also satisfied that the provision of these non-audit services did not compromise the auditor independence requirements of the Corporations Act 2001 because:

- All non-audit services have been reviewed by the Audit and Risk Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditors' Independence Declaration

Deloitte Touche Tohmatsu continues as external auditor in accordance with section 327 of the Corporations Act 2001. The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 77 and forms part of this report.

Deed of Cross Guarantee

The Company and a number of its wholly owned subsidiaries, which are classified as large proprietary companies under the Corporations Act 2001, continue to be parties to a Deed of Cross Guarantee ("DCG"). The effect of the DCG is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the Company's subsidiaries who are a party to the DCG, under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. Further details on the DCG are set out in Note 15 in the Financial Statements.

Remuneration Report

The Remuneration Report is set out on pages 40 to 62 and forms part of this report.

Rounding of Amounts

The Company is a company of the kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission ("ASIC") and dated 10 July 1998. In accordance with that Class Order, amounts in the Directors' Report (excluding certain remuneration tables in the Remuneration Report) and Financial Statements have been "rounded off" to the nearest $1,000, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

R Brown.

Roderick J M Brown
Chairman
20th day of August 2014

Remuneration Report (Audited)

Introduction from the Chair of the Remuneration and Nomination Committee

Dear Shareholder,

On behalf of the Board, I am pleased to present our 2014 Remuneration Report, for which we seek your support at our forthcoming annual general meeting.

The Remuneration Report provides you with the necessary information to demonstrate the link between RCR's strategy, its performance over the short and long-term, and the remuneration outcomes for our Executives and Directors.

Central to our strategy is having the right people to lead RCR over the long-term and a competitive Executive reward framework, which rewards for outperformance against peers. This includes having a remuneration mix which places a greater emphasis on long-term incentives, which are linked to performance outcomes designed to deliver value to our shareholders, through dividend and capital growth.

FY14 Remuneration Review and Outcomes

2014 was another strong performance year and we delivered on our planned growth strategy diversifying our business into the infrastructure markets through the acquisition of the Norfolk Group and its key brands.

Revenue was $1.3 billion up 49%, NPAT increased to $43.3 million up 16% and dividends were up 21% from 2013. These outcomes delivered Total Shareholder Returns ("TSR") to our shareholders of 26% for the past year and 414% over the past five years and earnings per share growth over the past five years of 140%. These are outstanding results by any measure and more so when compared to our peers. Accordingly, executive remuneration for the year reflects these achievements.

Whilst the Company's performance will always be influenced by market conditions our performance in 2014 and over the past five years, has allowed us to once again recognise and reward our Executives for high performance and delivery against our strategic objectives.

During the year and post the acquisition of the Norfolk Group, the Remuneration and Nomination Committee further refined the structure of Executive remuneration arrangements, to address changes to our strategic plan and the increased size of our Company. As a result of the review, the Board approved changes to Executives remuneration arrangements, which included;

- Refreshing the Long-Term Incentive Plan with shareholder approval in November 2013. We also changed the method for the grant of equity based incentives to using the face value (actual) share price. Our past practice was to grant equity incentives according to a discounted fair value. We believe this change to face value is more transparent, removes the potential for over allocation of equity instruments (i.e. performance rights), and allows for easy comparison of the potential maximum long-term reward that executives can earn; and
- Increasing the fixed remuneration for the Managing Director and other key Executives, to maintain alignment with peer companies taking into account the changes in the Company's relative size.

There were no changes to the remuneration for Non-Executive Directors.

We are confident this introduction assists RCR Shareholders in understanding our remuneration practices and we welcome your feedback.

Eva Skira
Chair of the Remuneration and Nomination Committee
20th day of August 2014

Remuneration Report

The Company's Directors present the 2014 Remuneration Report prepared in accordance with section 300A of the Corporations Act 2001, for the Company and the Consolidated Entity for the year ending 30 June 2014 ("FY14"). The information provided in this Remuneration Report has been audited by Deloitte Touche Tohmatsu as required by section 308(3C) of the Corporations Act 2001. The Remuneration Report forms part of the Directors' Report.

This Remuneration Report outlines the remuneration strategies and arrangements for RCR's Key Management Personnel who have the authority and responsibility for planning, directing and controlling the activities of RCR. The names and position of RCR's Key Management Personnel are set out in Table 1.

The 2014 Remuneration Report is presented in four sections:

1.0 Remuneration Snapshot

1.1 Key Management Personnel

Set out below is a list of the Directors and Executives of the Company whose remuneration details are outlined in this Remuneration Report. Except where noted, these Directors and Executives were employed for all of FY14 in the positions noted below. These Directors and Executives, comprised the key management personnel ("KMP") of the Company for FY14, as defined under the accounting standards.

Table 1 - Key Management Personnel

Name	Position	Year Joined	Period Covered Under this Report
Non-Executive Directors			
Roderick Brown	Non-Executive Chairman	2005	Full financial year
Eva Skira	Non-Executive Director	2008	Full financial year
Paul Dippie	Non-Executive Director	2007	Full financial year
Lloyd Jones	Non-Executive Director	2013	21 Nov 2013 to 30 Jun 2014
Bruce James	Non-Executive Director	2014	28 Jan 2014 to 30 Jun 2014
Kevin Edwards	Non-Executive Director (retired)	2005	1 Jul 2013 to 20 Nov 2013
Mark Bethwaite	Non-Executive Director (retired)	2012	1 Jul 2013 to 1 Oct 2013
Executives			
Paul Dalgleish	Managing Director and Chief Executive Officer	2009	Full financial year
Andrew Phipps	Chief Financial Officer	2013	21 Nov 2013 to 30 Jun 2014
Simon Pankhurst	Chief Executive, Infrastructure	2013	Full financial year
David Cairns	Chief Executive, Resources	2013	31 Jul 2014 to 30 Jun 2014
Graham Salter	Chief Executive, Energy	2011	Full financial year
Andrew Walsh	Chief Financial Officer (resigned)	2010	1 Jul 2013 to 29 Nov 2013

Former Executives in FY13 Remuneration Report

Messrs Jankovic, Gibbs and Tufilli were listed as Executives in the Company's 2013 Remuneration Report. However, following the restructure of the Resources and Mining businesses into a single business unit, they are not considered KMPs with effect from 1 July 2013. During the reporting period Mr Tufilli reported to Mr Gibbs until Mr Tufilli ceased employment with the Company on 9 June 2014.

1.2 Remuneration Overview

This section provides an overview of RCR's remuneration arrangements during the FY14.

Executive Remuneration FY14

RCR's remuneration framework for FY14 for the Managing Director and other KMP Executives has three components, two of which vary with performance. The Remuneration structure is designed so that there is an appropriate mix of fixed and variable rewards commensurate with the level of accountability for each role within the Company. Executives who have a greater ability to influence outcomes have a greater proportion of overall remuneration 'at risk'.

Diagram 1 – Executive Remuneration Overview

RCR Executive Remuneration Framework

Total Fixed Remuneration (TFR)

Comprises:

- Cash salary;
- Salary sacrifice items; and
- Employer superannuation contributions in line with statutory obligations

TFR is determined on the basis of the market rates (where applicable) and the size and complexity of the role and the individual's skill and experience relative to position requirements.

At Risk Remuneration

Short Term Incentives (STI)

- Stretch Hurdle = 120 % of budget
- Target Hurdle = 100% of budget
- Threshold Hurdle = 95% of budget
- Up to 15% of STI is at risk if safety KPIs are not achieved.

Cash STI	Deferred STI
Cash reward up to Target Hurdle. Between Target and Stretch Hurdles part in cash and part in Deferred Shares.	Deferred Shares in part between Target and Stretch Hurdles. Deferred STI are restricted for two years and subject to forfeiture conditions.

Long Term Incentives (LTI)

EPS Hurdles	TSR Hurdle
EPS Hurdles based on Pre-defined growth rates	TSR Hurdle based on RCR's relative TSR performance

Comprise performance rights, which vest if the EPS and TSR Hurdles over a three-year performance period are achieved.

In certain circumstances a new Executive will be offered equity-based incentives to join RCR.

LTIs are designed to retain executives and align their performance with the shareholders and support RCR's long-term strategy.

Director Remuneration

RCR's remuneration structure for Non-Executive Directors consists of a base Director fee and committee fees for participation on nominated Board sub-committees. All fees are inclusive of statutory superannuation.

Director fees are benchmarked and reviewed against independent external advice.

1.3 Remuneration Summary for FY14

The Executive remuneration outcomes for FY14 for the Managing Director and other KMP Executives reflect the performance outcomes achieved over the year and over the past five years.

Table 2 – Remuneration Summary

Executive	Component	Commentary
Managing Director	Fixed Remuneration	Increased by 5.7% to $950,000 per annum (effective 1 September 2013) to maintain alignment with peer companies taking into account the changes in the Company's relative size. Fixed remuneration for the Managing Director was benchmarked against industry peers and independently tested
	Short-Term Incentives	The value of FY14 STI awards for the Managing Director required NPAT to be not less than 95% of internal target NPAT, with a stretch of 120% of internal target NPAT. In FY14, actual NPAT (before transaction costs) was $47.3 million, up 22% on FY13: $38.9 million (before transaction costs). This was above the minimum internal target NPAT but below the stretch NPAT hurdle established by the Board for FY14. As a result, the overall STI award for FY14 for the Managing Director was $1.036 million out of a maximum $1.425 million. The STI award is payable in cash and shares, with the shares restricted for two years.
	Long-Term Incentives – Options	For the five year performance period 1 July 2009 to 30 June 2014, RCR achieved: (i) an Earnings per Share compound annual growth rate of 26% (before transactions costs); and (ii) RCR's relative Total Shareholder Return ("TSR") of 414%. Accordingly, 1,400,000 options (granted and approved by shareholders in 2009) will vest to the Managing Director.
	Recruitment Remuneration	During the year, 334,000 Options vested to the Managing Director for completion of service from 29 May 2009 to 31 December 2013. These Options were granted on his appointment in 2009 and approved by shareholders.
CFO for the RCR Group and Executives responsible for RCR's core business Units	Fixed Remuneration	Fixed remuneration for Executives was benchmarked against industry peers and reflects the market for the role and relative size of the Company.
	Short-Term Incentives	The value of FY14 STI awards for Chief Executives required that EBIT at the relevant business unit level to be not less than 95% of internal target EBIT with a stretch of 120% of internal target EBIT. In FY14, actual EBIT (before transaction costs) in aggregate for all business units was $61.8 million, up 36% on FY13: $45.4 million. Actual EBIT in each of the Infrastructure and Energy businesses was above the minimum target EBIT but below the stretch EBIT hurdle established by the Board for FY14. Accordingly, the Chief Executives' for Infrastructure and Energy businesses achieved between 43% and 65% of the maximum STI award opportunity. Actual EBIT for the Resources business was below the internal EBIT threshold. The values of STI awards for the CFO are aligned with the Managing Director. The CFO achieved 73% of this maximum STI award opportunity.
	Long-Term Incentives – Performance Rights Plan	Over the three year performance period (1 July 2011 to 30 June 2014) actual EPS together with RCR's TSR exceeded the pre-defined EPS and TSR Hurdles. As a result 100% of performance rights vested to Executives.
	Recruitment Remuneration	Certain new Executives received equity-based incentives, which vest progressively after two years service and up to four years service. These recruitment incentives are designed to attract new executives who give up equity-based incentives with former employers and undertake personal risk in leaving their prior employment to join RCR. The value of these incentives is recognised as part of the Executives remuneration over four years. The equity incentives lapse if the Executive leaves.

Details on the link between remuneration principles and Company performance are contained in section 2.0 of this Remuneration Report.

The actual remuneration received for FY14 by the Managing Director and Executives is provided in section 3.0 of this Remuneration Report.

Details on the actual remuneration received for FY14 by Non-Executive Directors is provided in section 4.0 of this Remuneration Report. There were no increases in Directors fees during the FY14.

1.4 Factors Affecting Remuneration Outcomes for FY14

Particular events and actions that impacted the Company's remuneration structure and outcomes for FY14 were:

- RCR delivered against its planned growth strategy, diversifying its business into the infrastructure market through the acquisition of the Norfolk Group. The acquisition was completed on 31 July 2013 and has resulted in RCR becoming a larger and more diverse organisation.
- Improved Company Performance Linked with Executive Remuneration.
- The Company completed FY14 with its fifth consecutive year of record revenue at $1.3 billion, up 49% and record earnings (excluding transaction costs) of $47.3 million up 22%. Further, EPS is up 13% to 31.89 cents per share and total dividends up 21% to 10 cents per share.
- Over the past five years EPS (after transaction costs) has grown by 140% translating into a compound annual growth in earnings of over 25% per annum and TSR (growth in share price plus dividends) has grown by 414% or 39% per annum.
- The Company has also seen its share price appreciate over the past year and RCR became a constituent member of the S&P/ASX All-Australian 200 Index, placing it in the top 200 of Australian ASX Listed companies.

Details on RCR's financial performance over the past five years are provided in Table 3 in Section 2.3 of this Remuneration Report.

1.5 Remuneration Governance

The Board oversees, and is responsible for, remuneration decisions. To assist the Board, governance and oversight of remuneration is delegated to the Remuneration and Nomination Committee.

During the year, Ms Eva Skira was appointed Chair of the Remuneration and Nominations Committee and Mr Lloyd Jones was appointed a member of the Committee following the retirement of Mr Kevin Edwards and Mr Mark Bethwaite from the Board. The other member of the Committee is Mr Roderick Brown, who is also Chairman of the Board.

The Remuneration and Nomination Committee has responsibility for reviewing and recommending to the Board, remuneration policy and practices applicable to Non-Executive Directors, the Managing Director, Chief Financial Officer and other named Executives. The Remuneration and Nomination Committee makes recommendations to the Board on the level and form of executive remuneration, which it considers to reflect fair and responsible reward outcomes in light of company performance, increased rewards for stretch targets, performance of the individual Executive and the external remuneration market. To assist this process the Remuneration and Nomination Committee involves the Managing Director in deliberations (excluding his own employment matters).

From time to time the Remuneration and Nomination Committee seeks independent external advice on the appropriateness of the remuneration framework and remuneration arrangements for Directors and Executives.

The role and responsibilities of the Remuneration and Nomination Committee are set out in the Remuneration and Nomination Committee Charter, which is available on the Company's website at www.rcrtom.com.au/about-us/corporate-governance. The Charter is reviewed annually and was last reviewed in March 2014. Further information on the Remuneration and Nomination Committee is provided in the Corporate Governance Statement in this Annual Report.

1.6 Use of Remuneration Consultants

During the year, the Board engaged Guerdon Associates as its independent consultant to provide information on remuneration matters. The Chair of the Remuneration and Nomination Committee oversees the engagement of remuneration services for, and payment of, the independent consultant.

The Board was satisfied that advice received from Guerdon Associates was free from any undue influence by key management personnel to whom the advice related, because strict protocols were observed and complied with regarding any interaction between Guerdon Associates and management. All remuneration advice was provided directly to the Chair of the Remuneration and Nomination Committee. No remuneration recommendations as defined under Division 1, Part 1.2.98 (1) of the Corporations Act, were made by Guerdon Associates.

2.0 Remuneration Policy and Link to Company Performance

2.1 Non-Executive Director Remuneration Policy

RCR's Non-Executive Director remuneration policy is to provide for remuneration that is sufficient to attract and retain Directors with the experience, knowledge and judgement to oversee the Company's success.

Further details on Non-Executive Remuneration are contained in section 4.0 of this Remuneration Report.

2.2 Executive Remuneration Policy

RCR's Remuneration Policy complements its business strategy by aiming to reward Executives fairly and responsibly in accordance with the market and ensures that RCR:

- Provides competitive rewards that attract, retain and motivate executives of the highest calibre;
- Structures fixed remuneration at a level that reflects the executives' duties and accountabilities;
- Aligns executive incentive rewards with the creation of value for shareholders;
- Sets demanding levels of performance and stretch targets which are clearly linked to an executive's remuneration;
- Manages risk by measuring performance over different time periods, ensuring reward is contingent on a diversity of hurdles aligned with shareholder value, deferring a proportion of reward, and ensuring a significant component is received as equity;
- Benchmarks remuneration against appropriate comparator groups; and
- Complies with applicable legal requirements and appropriate standards of governance.

Executive remuneration is reviewed annually having regard to individual and business performance and relative comparative information.

2.3 Link to Company Performance

A key principle of the Company's approach to executive remuneration is that 'at risk' rewards should demonstrate strong links to the Company's performance, safety and shareholder returns. Furthermore, the relevant performance measure for 'at risk' rewards should focus the Managing Director and other Executives on strategic business objectives that enhance shareholder value and grow the business organically and by acquisition.

The key financial and non-financial measures for the 2014 financial year are all considered to be appropriate measures of performance over the long-term as they provide a link to shareholder value creation. They include safety performance measured as lost time injury frequency rate ("LTIFR"), EPS and TSR.

EPS is a measure of profitability, a direct determinant of dividends and a measure of the Company's long-term success as it represents a clear link to shareholder wealth creation.

TSR can be benchmarked against market performance and RCR's peers and provides a common comparator to gauge shareholder returns to other investment opportunities.

Chart 1 below demonstrates RCR's relative TSR performance has outperformed companies in the S&P/ASX 300 comparative index for the past five years. On 22 March 2014, RCR entered the S&P/ASX 200 All-Australian Index. This index has performed at levels similar to that of the S&P/ASX 300 Index displayed in Chart 1 below.

Chart 1 – RCR Total Shareholder Return compared to S&P/ASX 300 Index – 5 years

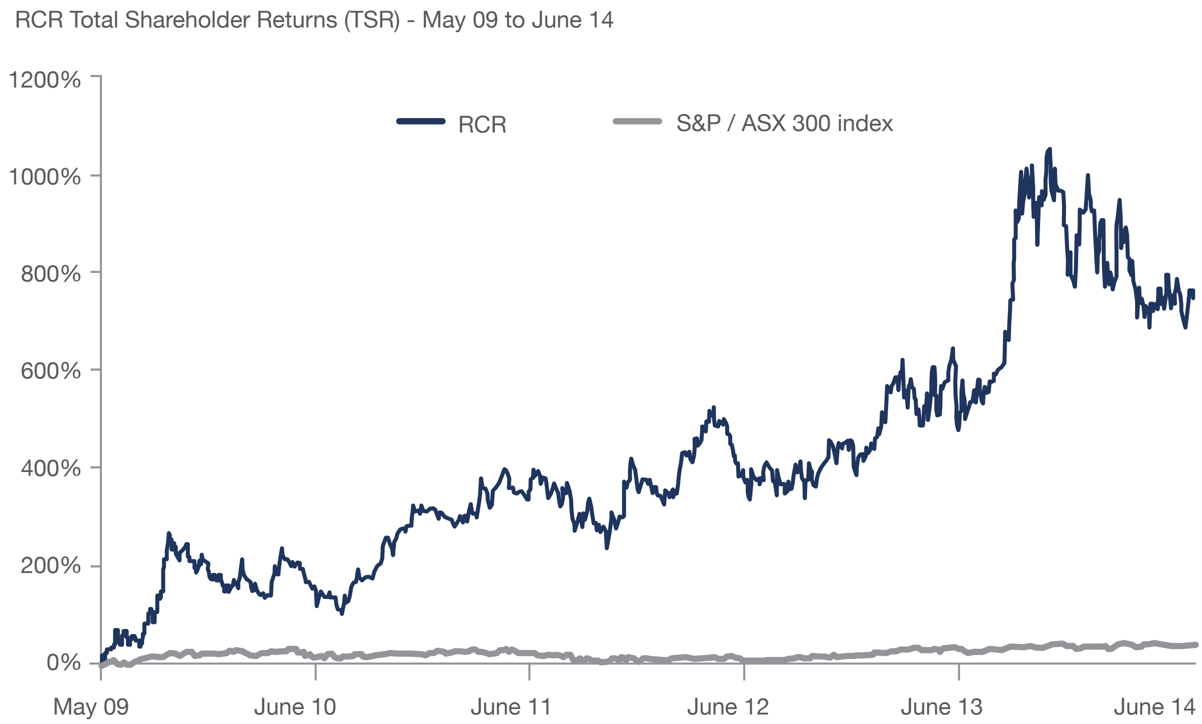


Table 3 below outlines RCR's performance over the last five years.

Table 3 – RCR Financial Performance for the Past Five Years

	Measure	FY14	FY13	FY12	FY11	FY10
Revenue	$M	1,300.5	875.2	808.7	607.2	545.6
EBITDA	$M	79.6	58.6	50.5	39.9	31.2
EBIT	$M	57.8	43.8	35.3	25.6	14.4
NPAT	$M	43.3	37.3	27.3	19.5	17.5
Growth in NPAT	%	16.1	36.6	40.0	11.4	21.4
Long-Term Performance Outcomes						
Safety	LTIFR	1.31	0.36	0.65	0.78	1.11
EPS	cents	31.9	28.3	20.5	14.8	13.3
Interim Dividend [1]	cents per share	3.00	2.50	2.00	-	-
Final Dividend [1, 2]	cents per share	7.00	5.75	4.25	3.75	3.00
Market capitalisation	$M	383.6	305.9	235.3	215.8	109.4
Closing share price	$	2.80	2.31	1.79	1.63	0.83
TSR – 1 year	%	26.0	32.8	13.3	102.4	35.7
TSR – 3 year rolling	%	84.2	197.0	217.0	129.8	(56.6)

[1] Dividends are fully franked at 30% corporate tax rate.

[2] FY14 Final Dividend is declared after the end of the reporting period and is not reflected in the financial statements.

3.0 Executive Remuneration

3.1 Executives Remuneration Structure

Executive Remuneration has a fixed component and an 'at risk' component that varies with performance. The 'at risk' component comprises an STI and an LTI which vary with performance. STI and LTI incentives are set as a percentage of TFR.

3.1.1 Total Fixed Remuneration

Executives receive TFR which is determined by the scope of the Executive's role and the individual's level of knowledge, skill and experience.

The Company annually reviews the TFR and benchmarks this against appropriate market comparisons using information and advice from external consultants. There is no guarantee of any base pay increases included in any Executive's contract.

TFR is the sum of salary, salary sacrifice arrangements and the direct cost of benefits, including superannuation, motor vehicles, car parking, living away from home expenses and fringe benefits tax.

3.1.2 Short-Term Incentive

Short-Term Incentive Plan Overview

Diagram 2 – STI Plan Overview

STI Structure

Cash STI

STI outcome is payable 100% in cash at the 'Threshold' and 'Target' levels.

Between Target and Stretch levels the STI outcome is payable in cash up to the Target level and thereafter 50% in cash and 50% in STI deferred shares

Deferred STI

STI outcomes between Stretch and Target are partly payable in the form of deferred RCR shares.

Vesting Details

The deferred shares are subject to a 2 year restriction period	Forfeiture conditions apply, which allow claw-back of deferred shares during the restriction period.

STI as a percentage of TFR				Performance Hurdles for FY14		
Position	Threshold	Target	Stretch	Threshold	Target	Stretch
Managing Director	37.5%	60%	150%	95% of budget NPAT	100% of budget NPAT	120% of budget NPAT
CFO	20%	32%	80%			
Chief Executive	20%	32%	80%	95% of budget EBIT at the relevant business unit level	100% of budget EBIT at the relevant business unit level	120% of budget EBIT at the relevant business unit level
EGM	25%	29%	45%			

Up to 15% of the STI payment is subject to safety performance gates. For FY14 the safety performance gate was a minimum LTIFR (lost time injury frequency rate) of 2.0 and the maximum LTIFR of 2.5.

The Company's STI Plan aims to reward Executives and other participants for meeting or exceeding annual performance targets, whilst at the same time linking their STI rewards to improvement in safety outcomes and the creation of shareholder wealth.

No STI is paid unless a Threshold hurdle is achieved. For the Managing Director, CFO and other corporate executives, the target profit hurdle is based on the consolidated entities' budgeted NPAT. For Executives, and other participants in the core business units, the target profit hurdles are based on the relevant business' budgeted EBIT.

The STI payment is also subject to minimum levels of safety performance, with 15% of the STI payment subject to achievement of pre-defined safety targets.

Key features of the 2014 STI Plan

The following summarises the key features of the 2014 STI Plan:

RCR Short Term Incentive Plan

Who is eligible to participate in STI awards?	All Executives and certain senior managers participate in the STI Plan.
How are STI rewards set?	The STI is an annual 'at risk' incentive scheme. STI rewards are based on a percentage of an employee's TFR. This percentage is determined by the Remuneration and Nomination Committee with reference to market comparator data and the scope of the employee's role and responsibilities and ability to influence outcomes. The maximum STI that can be earned is capped to minimise excessive risk taking by Executives and other plan participants.
What is the method of assessment against performance hurdles?	NPAT and EBIT are based upon audited financial statements. Both NPAT and EBIT may be adjusted at Board discretion to exclude any gains/losses on disposal of assets and other adjustable items whose impact on RCR's business has not been fully realised as at the end of the performance measurement period. Actual NPAT and EBIT outcomes are then measured against the pre-defined Threshold, Target and Stretch NPAT and EBIT Hurdles, which are referenced to the internal budgets and set at the beginning of the financial period. The philosophy in setting financial hurdles is to establish thresholds that represent the desired minimum outcomes and stretch targets that are realistically achievable for exceptional performance.
What is the form of payment?	STI outcome is payable 100% in cash at the Threshold and Target levels. Between Target and Stretch levels the STI outcome is payable in cash up to the Target level and thereafter 50% in cash and 50% in deferred shares. Deferred shares are restricted for two years and subject to forfeiture conditions. Dividends are payable on deferred shares. Deferred shares are allocated based on the face value of RCR shares. In the event of a change in control, redundancy or the death or total and permanent disablement of the Executive, the deferred shares will vest.
Can any of the STI be clawed back?	Deferred shares will be forfeited if, before the end of the two year restriction period if: (a) In the opinion of the Board, there has been a material adverse outcome (including, but not limited to, a material write-down or impairment or a material misstatement in or omission from the financial statements of RCR); or (b) The Executive is terminated for cause or because, in the opinion of the Board, the Executive has failed to meet acceptable standards of performance; or (c) The Executive ceases employment with the Company or any of its related entities, unless otherwise determined by the Board because of special circumstances.
Why does the STI have a safety performance gate?	In order to support the importance that the Board places on safety in the workplace at RCR, the Board has determined that for FY14 a safety performance gate will apply to reflect the Company's focus on reducing incidents and injuries. Up to a maximum of 15% of the Executives STI is at risk if the relevant safety gates are not achieved. For FY14 a safety performance gate has been applied to reflect the Company's focus on reducing incidents and injuries. If the Company's LTIFR exceeds 2.0 but does not exceed 2.25, then the STI payment will be reduced by 5%. If the LTIFR exceeds 2.25 but does not exceed 2.5, then the STI payment will be reduced by 10% and if the LTIFR exceeds 2.5, then the STI payment will be reduced by 15%. Should a fatality occur then 15% of the STI award is foregone.

3.1.3 Long-Term Incentives (LTI)

Long Term Incentive Plan Overview

Diagram 3 – LTI Plan Overview

LTI Structure

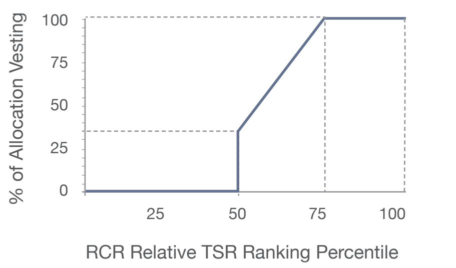
Performance rights granted

Relative Total Shareholder Return ("TSR Hurdle")	EPS Compound Annual Growth Rate ("EPS Hurdle")
50% of allocation subject to this hurdle	50% of allocation subject to this hurdle

Vesting Framework

The TSR component of the allocation will be measured at the end of the 3 year performance period and will vest in line with the diagram below if the RCR's relative TSR Ranking is at the 50th percentile or above. There is a single test and no-retesting.

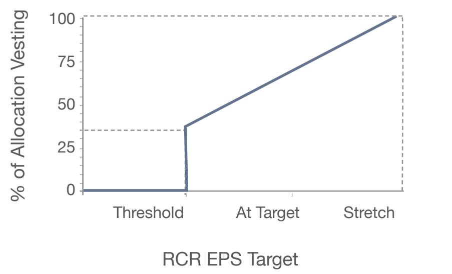
TSR Allocation To Vest



Vesting Framework

The EPS component of the allocation will be measured at the end of the 3 year performance period and will vest in line with the diagram below if EPS performance is between the threshold and stretch or above. There is a single test and no retesting.

EPS Allocation To Vest



LTI Equity Delivery

Type of Equity	Equity Plan	Executive	Long-Term Incentive as a percentage of TFR [1] Threshold	Target	Stretch
Performance Rights (the allocation of performance rights is based on the face value of RCR shares at the time of grant)	Long-Term Incentive Plan (as approved by Shareholders on 20 November 2013)	CEO	45%	90%	140%
		CFO	20%	32%	80%
		Chief Executives	20%	32%	80%

[1] Percentage rounded to the nearest 5% and based on the equity grants awarded during FY14.

The LTI Plan is an equity-based plan that provides for a reward that varies with Company performance over the long-term. The LTI rewards are aimed specifically at creating superior long-term shareholder value and the retention of executives and selected senior managers.

The LTI Plan is targeted at the Managing Director, CFO and other Executives and selected senior managers identified by the Board whose responsibilities provide them with the opportunity to significantly influence long-term shareholder value. Non-Executive Directors are not eligible to participate.

The LTI Plan is a performance rights plan with vesting of rights dependent upon the satisfaction of pre-defined performance hurdles and continuous employment. Current performance hurdles are based on achievement of pre-defined EPS Hurdles and a TSR Hurdle over a three year performance period. The Board may amend the performance hurdles or specify a different performance hurdle(s) if it considers it necessary.

The Board believes this vesting framework strengthens the performance link over the long-term and accordingly encourages executives to focus on long-term performance. The Board also acknowledges that the value of certain strategic initiatives may take three to five years to realise as is the case with large diverse engineering companies, which are reliant on the timing of large scale resource, energy and infrastructure projects.

The Managing Director (subject to shareholder approval) and Executives receive an annual LTI grant in the form of performance rights.

Details on the number of performance rights unvested at 30 June 2014, issued in accordance with the LTI Plan are set out on page 37 of the Directors' Report and details on the number of performance rights unvested to Executives are provided in Table 10 in Section 3.3.4.

Key Features of the 2014 LTI Plan

The following summarises the key features of the 2014 LTI Plan. In accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the Board has sought and received shareholder approval on 20 November 2013, for the adoption of the 2014 LTI Plan.

RCR 2014 Long Term Incentive Plan

What Securities Are Offered?	Performance rights are granted over ordinary fully paid shares. Each performance right represents a right to receive one share in the Company, subject to the terms of the LTI Plan. If the performance rights vest, they are converted into RCR shares automatically. The Board has discretion to satisfy vested grants and the allocation of subsequent shares to participants by either the issue of new shares or an on-market acquisition.
What is the Performance Period?	1 July 2013 to 30 June 2016 (three years)
How do you determine the number of performance rights?	The number of performance rights each participant receives each year is determined by dividing the dollar value of the maximum annual LTI award by the face value of RCR shares. The face value is calculated as the volume weighted average share price over five trading days.
What are the performance hurdles?	Participants only receive value from their LTI awards at the end of the performance period and only if the relevant performance hurdles are achieved. Performance rights are granted in two tranches, each tranche is subject to a separate performance hurdle Two performance hurdles, being an EPS compound annual growth rate ("EPS CAGR") and relative TSR are used. • Half of the performance rights are subject to RCR achieving a EPS CAGR, as determined by the Board at the time of grant ("EPS Hurdle"); and • Half of the performance rights are subject to RCR's relative TSR performance measured against a comparator group of companies determined by the Board ("TSR Hurdle"). Together, the use of these two hurdles is intended to provide a balanced view of the Company's performance and delivery against strategic objectives and provide alignment with shareholder interests. Specifically, the EPS Hurdle is a measure of profitability, a direct determinant of dividends and, overall, a measure of the Company's long-term success as it contains clear links to shareholder wealth creation. The TSR Hurdle allows the Company to benchmark itself against its peers and market performance, directly linking executive reward to delivering competitive returns for shareholders.

RCR 2014 Long Term Incentive Plan

EPS Hurdle

The EPS component of the performance rights will vest if RCR's relative EPS compound annual growth rate is greater than the pre-determined CAGR over the three years Performance Period.

The EPS Hurdles for LTI awards granted during FY14 were developed taking into account the increased size and relevance of RCR's strategic acquisition of the Norfolk Group Limited in July 2013 and RCR's long-term strategic plans. The EPS Hurdle was developed with assistance from RCR's Independent Remuneration consultant.

RCR has a policy of not providing guidance to the market. Accordingly, the Board will advise the pre-defined EPS Hurdles and the Company's performance against those hurdles following the testing date. For the LTI awards vesting on 30 June 2016, this will be in the Company's 2016 Remuneration Report.

EPS is calculated by dividing the net profit after tax (i.e. statutory NPAT) adjusted for the after tax effect of any significant or adjustable items (at the discretion of the Board), by the weighted average number of ordinary shares of RCR on issue during the relevant financial year.

The vesting schedule of the performance rights subject to EPS Hurdle is outlined below:

EPS Hurdle over the Performance Period	% of Allocation Vesting
Less than Target EPS Hurdle	0%
At Target EPS Hurdle	35%
More than Target EPS Hurdle but less than Stretch EPS Hurdle	Pro-rated vesting more than 35% and less than 100%
At Stretch EPS Hurdle	100%

TSR Hurdle

The TSR component of the performance rights will vest if RCR's relative TSR performance is equal to or greater than the 50th percentile of the comparator group of companies measured over the three years to 30 June 2016.

The comparator group comprises:

- Ausdrill Limited
- Ausenco Limited
- Austin Engineering Limited
- Bradken Limited
- Calibre Group
- Cardno Limited
- Decmil Group Limited
- Downer EDI Limited
- Emeco Holdings Limited
- Imdex Limited
- Forge Group Limited (in receivership)
- LogiCamms
- Lycopodium
- MacMahon Holdings Limited
- Mineral Resources Limited
- Monadelphous Group Limited
- NRW Holdings Limited
- Programmed Maintenance Services Limited
- Sedgman Limited
- Skilled Group
- Southern Cross Electrical
- Transfield Services Limited
- UGL
- Watpac Limited
- WDS

The vesting schedule of the performance rights subject to TSR Hurdle is outlined below:

Relative TSR Hurdle Ranking Over the Performance Period	% of Allocation Vesting
Less than 50th percentile	0%
At 50th percentile	35%
Greater than 50th percentile but less than the 75th percentile	Pro-rated vesting more than 35% and less than 100%
At 75th percentile	100%

Is there re-testing of performance hurdles?

Testing is performed at the end of the three year performance period and where the performance hurdles are not achieved the performance rights lapse. Accordingly, there is no re-testing mechanism.

RCR 2014 Long Term Incentive Plan	
What is the treatment for Dividends and Voting Rights on Performance Rights?	Performance rights have no voting rights. Each vested performance right entitles the participant to one fully paid ordinary RCR share plus an additional number of shares calculated on the basis of the dividends that would have been paid in respect of the share being reinvested over the performance period. No dividends or resultant rights to shares accrue or are paid in respect of performance rights that lapse.
Are there restrictions on Hedging of LTIs?	As part of the Company's Securities Trading Policy, the Company prohibits Executives from entering into arrangements to protect the value of unvested LTI awards. This includes entering into contracts to hedge their exposure to performance rights or shares granted as part of their remuneration package.
Is there a real risk of Forfeiture?	A Performance right granted will lapse if: • The participant leaves the Company due to resignation or dismissal, unless the Board in its absolute discretion determines otherwise; or • If the Board determines (in its absolute discretion) that the employee has acted fraudulently or dishonestly or is in material breach of his/her obligations under the LTI Plan or to the Company; or • If the employee purports to transfer, mortgage, charge or otherwise dispose of any right or interest in a performance right other than in accordance with the terms of the LTI Plan.
Change in Control	On the occurrence of a change in control event, unvested performance rights will immediately vest if: • The change of control occurs within 12 months of the date of grant of the performance right (or such other date as determined by RCR), on the date of the change of control; or • The change of control occurs after 12 months of the date of grant of the performance right (or such other date as determined by RCR), on the date of the change of control but only if the performance criteria would have been satisfied for the financial year ended immediately prior to the change of control and the Board has not determined otherwise.

Recruitment Remuneration

The Board recognises that in certain circumstances it is appropriate to grant 'Sign-On' incentives, subject to continuous service hurdle, to attract new Executives who give up equity–based incentives and/or other benefits with former employers and undertake personal risk in leaving their prior employer to join the Company.

These equity-based awards are structured under the LTIP with conditions that they vest one third after the second anniversary of the Executive's employment and one third on each of the third and fourth anniversary of the Executive's employment.

In granting these incentives, the Board also takes into account the value of certain strategic initiatives that may take three to five years to be realised as is the case with large diverse engineering companies, which are reliant on the timing of large scale resource and infrastructure projects.

3.2 Managing Director's Remuneration Structure

Dr Dalgleish's remuneration has a fixed component and an 'at risk' component that varies with performance. The 'at risk' component comprises an STI and an LTI, which vary with performance.

During the year the Board completed a review, in consultation with its Independent Remuneration Advisor, of the remuneration package of Dr Dalgleish, to maintain alignment with peer companies taking into account the changes in the Company's relative size following the acquisition of the Norfolk Group Limited on 31 July 2013.

The following table 4 reflects the outcomes of that review and shows the composition of Dr Dalgleish's 2014 remuneration package depending on the outcome of performance of the Company and 'at risk' rewards.

Table 4 – Composition of Managing Director's Remuneration Package for 2014

Component	Threshold		Target		Stretch	
Total Fixed Remuneration	$950,000	54%	$950,000	40%	$950,000	26%
Short-Term Incentive	$356,250	20%	$570,000	24%	$1,425,000	39%
Long-Term Incentive [1]	$451,200	26%	$867,111	36%	$1,300,000	35%
Total Remuneration	$1,757,450	100%	$2,387,111	100%	$3,675,000	100%

[1] Long-Term Incentive values represent the face value (actual) of unvested equity-based incentives granted (with shareholder approval) and which are subject to a three year performance period (Refer 3.2.3(a)).

Statutory Remuneration in accordance with Accounting Standards

The statutory remuneration for Dr Dalgleish for FY14, in accordance with Accounting Standards, was $2,844,555 (FY13: $2,499,422) as set out in table 7 in section 3.3.1 below. The statutory remuneration is calculated using fair value of unvested equity incentives under the LTI Plan (refer to Table 10 in section 3.3.4). The increase in statutory remuneration, particularly the fair value of unvested equity Incentives reflects the transition into performance rights and away from options as the primary long-term incentive and the increase in RCR's share price over the past five years.

3.2.1 Total Fixed Remuneration

Dr Dalgleish's TFR was increased on 1 September 2013, by 5.7% from $898,880 to $950,000 per annum. This amount includes cash salary, salary sacrifice items and allowances plus employer superannuation.

The Board considers the increase to be reasonable given the increased size and complexity of the Company and the TFR paid for similar roles in comparable peer companies. The TFR was benchmarked against industry peers and independently tested.

Dr Dalgleish also receives a car parking benefit, which is subject to FBT. This is a non-cash benefit, which is in addition to TFR.

3.2.2 Short-Term Incentives

Dr Dalgleish is eligible to receive an annual STI award up to 150% of his TFR.

FY14 STI awards for Dr Dalgleish required NPAT to be not less than 95% of internal target NPAT, with a stretch of 120% of internal target NPAT. In FY14, actual NPAT (before transaction costs) was $47.3 million, up 22% on FY13: $38.9 million. This, together with other adjustable items was above the minimum internal target NPAT but below the stretch NPAT hurdle established by the Board for FY14. As a result, the overall STI award for FY14 for Dr Dalgleish was $1,036,488 out of a maximum $1,425,000. Part of the STI award is payable in cash and shares, with the shares restricted for two years (refer to table 8 in section 3.3.2 below).

Further details on the performance measures are summarised in section 3.1.2 and in Diagram 2 above.

3.2.3 Long-Term Incentives

The primary long-term incentive for Dr Dalgleish is focused on the allocation of equity awards comprising of performance rights.

The Board believes that an equity based long-term incentive is an important component of Dr Dalgleish's remuneration to ensure an appropriate component of his remuneration is linked to generating long-term returns for shareholders.

Subject to shareholder approval, Dr Dalgleish is entitled to participate in the LTI Plan.

A summary of Dr Dalgleish's unvested equity awards, as approved by shareholders, is provided in Tables 5 and 6 below.

(a) Performance Rights Granted in FY14

On 20 November 2013, Shareholders approved the annual award of 432,180 performance rights to Dr Dalgleish, valued with a face value of $1.3 million. The number of performance rights was determined using the face value of RCR shares immediately following the release of the Company's FY13 full year results announcement in August 2013. The face value was calculated as the volume weighted average share price over the five trading days.

The performance rights are subject to two separate performance hurdles over a three year performance period 1 July 2013 to 30 June 2016:

- Half of the performance rights are subject to RCR achieving an EPS CAGR, as determined by the Board at the time of grant ("EPS Hurdle"); and
- Half of the Performance Rights are subject to RCR's relative TSR performance measured against a comparator group of companies determined by the Board ("TSR Hurdle"). Section 3.1.3 sets out the peer group in respect of performance rights granted.

There is no re-testing of performance rights after the three years performance period. Accordingly, if the relevant performance hurdles are not achieved, then the performance rights will lapse.

Details on the performance hurdles and the LTI Plan are set out in Table 5 and in Diagram 3.

(b) Unvested Performance Rights and Options Granted To Dr Dalgleish

Tables 5 and 6 below set out the number of unvested performance rights and options granted to Dr Dalgleish and the relevant performance hurdles. Shareholders approved each of the equity grants in Tables 5 and 6.

Table 5 – Unvested Performance Rights at 30 June 2014

Performance Period	Number of Performance Rights [1]	Performance Hurdles	
		EPS Hurdle	TSR Hurdle
1 July 2012 to 30 June 2015	1,400,000	EPS Annual Compound Growth Rate of between 8% and 16% pa.	RCR's TSR ranking of between 50th percentile and 75th percentile, measured against a peer group of 25 companies.[2]
1 July 2013 to 30 June 2016	432,180	EPS Annual Compound Growth Rate as determined by the Board at the time of grant.[3]	RCR's TSR ranking of between 50th percentile and 75th percentile, measured against a peer group of 25 companies.[2]

[1] Half of the performance rights are subject to a pre-defined EPS compound annual growth rate ("EPS Hurdle") and half of the performance rights are subject to RCR's relative TSR performance measured against a comparator group of companies determined by the Board ("TSR Hurdle").

[2] The comparator group of companies for the TSR Hurdle comprises a group of 25 peer companies, at the beginning of the performance period. These companies include companies with a higher and lower market capitalisation than RCR and who compete or operate in similar industries and sectors to RCR. The Board has the discretion to adjust the comparator group to take into account events, including but not limited to takeovers, mergers or demergers or change of business that might occur during the performance period. Section 3.1.3 sets out the peer group in respect of performance rights granted.

[3] The EPS Hurdle for performance rights were set by the Board (excluding Dr Dalgleish) prior to the grant and have been set having regard to RCR's strategic plans and objectives in light of the recently completed Norfolk acquisition. The EPS Hurdles are tailored to measure growth in shareholder value over the long-term. The EPS Hurdles reflect Threshold, Target and Stretch figures that are required to achieve vesting. No rights vest if the minimum target hurdles are not achieved. RCR has a policy of not providing guidance to the market. Accordingly, the Board will advise the EPS Hurdles and the Company's performance against those hurdles following the testing date. For these LTI awards this will be in the Company's 2016 Remuneration Report.

Table 6 sets out unvested options held by Dr Dalgleish the date of this Report. The unvested options were granted to Dr Dalgleish in 2009, under a legacy Employee Option Plan.

Table 6 – Unvested Options at 30 June 2014

Performance Period	Number of Options	Performance Hurdles For FY14		
		EPS Hurdle		TSR Hurdle
		Target	Stretch	
1 July 2009 to 30 June 2014	1,400,000	22.33 cps	33.87 cps	RCR's TSR from 1 July 2009 to 30 June 2014 exceeding the ASX 300 Index

1. The EPS Hurdles were set in November 2008 and are based on a Target EPS Hurdle and Stretch EPS Hurdle. The EPS Hurdles were set by reference to a Compound Annual Growth Rate ("CAGR") of between 15% and 25% per annum, on the base year EPS (being the FY09: EPS of 11.10 cents per share).
2. If the Target EPS Hurdle, as determined by the Board, is achieved, then 900,000 Options will vest and for each 1% by which the CAGR is over 15% per annum, an additional 50,000 options will vest, to a maximum of 1,400,000 options for achievement of stretch EPS Hurdle.
3. As a surrogate for EPS Hurdle and TSR Hurdle, the Board of the Company has discretion to use return on equity as a measure for vesting options subject to the required performance hurdle being agreed to in writing by Dr Dalgleish.
4. The exercise price of these options is 39 cents per share (being the RCR share price on the commencement date of Dr Dalgleish's employment). The options may be exercised either under the traditional method or a cashless exercise mechanism. When exercisable, each option is convertible into one ordinary share.
5. The options carry no dividend or voting rights.
6. Further details including the fair value of the options are set out in section 3.3.4 in Table 10 below.

(c) LTI Awards Vesting in respect of FY14 Performance

In respect of the Company's performance for FY14 the Board has determined, at the date of this Report, 1,400,000 options (as set out in Table 6 above) will vest to Dr Dalgleish. These options are exercisable from 30 September 2014 at 39 cents per share and expire on 30 September 2016.

For FY14, RCR's actual EPS (adjusted for one-off transaction costs associated with the Norfolk acquisition) increased to 34.84 cents per share ("cps"). This exceeded both the target and stretch EPS performance hurdles of 22.33 cps (Target EPS Hurdle) and 33.87 cps (Stretch EPS Hurdle).

Furthermore, RCR's relative TSR over the five year performance period, was 414% (39% pa CAGR) compared to the growth in the ASX 300 Index of 36% (6.3% pa CAGR) over the same period. Refer to Chart 1 in section 2.3.

3.3 Executive Remuneration Outcomes for FY14

3.3.1 Executive Remuneration FY14

Details on the nature and amount of remuneration of the Managing Director and other named Executives for the year ended 30 June 2014 are as follows:

Table 7 – Remuneration of Executives

		Fixed Remuneration			Variable Remuneration				
		Short Term Benefits		Post Employment Benefits	Short Term Benefits		Long Term Benefits		
		Salary, Fees and Allowances $	Non- Monetary $	Super $	STI Award (Cash) $	Fair Value of Deferred Shares/ Rights Under STI Awards $	Fair Value of Equity Grants Under LTI Plan $	Total Remuneration in Accordance with Accounting Standards $	Performance Related %
Notes			1		2, Table 8	3, Table 8 & 9	4, Table 10		
Paul Dalgleish Managing Director and CEO	2014	926,165	7,133	17,775	803,244	212,580	877,658	2,844,555	67
	2013	879,418	4,906	16,527	943,824	134,832	519,935	2,499,442	64
Andrew Phipps CFO (from 21 Nov 13)	2014	319,116	1,024	10,628	150,171	14,535	316,224	811,698	59
	2013	-	-	-	-	-	-	-	-
Andrew Walsh CFO (to 29 Nov 13)	2014	256,609	3,735	8,571	-	-	(791,167)	(522,252)	-
	2013	602,042	4,906	16,527	373,800	41,533	559,168	1,597,976	61
Simon Pankhurst Chief Exec. Infrastructure	2014	536,950	-	17,775	182,208	1,957	300,096	1,038,986	47
	2013	114,914	-	10,342	-	-	25,725	150,981	17
Graham Salter Exec. General Manager Energy	2014	459,782	6,338	17,775	139,242	2,864	150,938	776,939	38
	2013	454,094	-	16,540	143,267	2,864	171,746	788,511	40
David Cairns Chief Exec. Resources	2014	483,489	26,684	16,798	-	-	-	526,971	-
	2013	-	-	-	-	-	-	-	-
Total	2014	2,982,111	44,914	89,322	1,274,865	231,936	853,749	5,476,897	43
Total	2013	2,050,468	9,812	59,936	1,460,891	179,229	1,276,574	5,036,910	58

1 Non-Monetary benefits reflect the value of allowance and benefits including but not limited to travel, motor vehicle and car parking and applicable fringe benefits tax.

2 STI amounts represent the STI awards payable in cash in respect of the 2014 financial period. These amounts will be paid in September 2014. Refer to section 3.3.2 and Table 8 preceding.

3 Represents the fair value of deferred shares awarded under the short-term incentive plan. The fair value represents the market value of RCR shares on the date of award. The fair value is expensed over three years (being the current financial year plus two years).

4 Share based payments incorporates all equity based plans. In accordance with the requirements of AASB 2 Share Based Payments, the fair value of rights or options as at their grant date has been determined by applying the Black-Scholes option pricing technique or binomial valuation method. The fair value of rights or options is amortised over the vesting period, such that Total Remuneration includes a portion of the fair value of unvested equity compensation during the year. The amount is not indicative of the benefit (if any) that individuals may ultimately realise should these equity securities vest. Refer to Table 10 in section 3.3.4.

3.3.2 STI Awards for 2014

The Company's overall financial performance for FY14 in terms of revenue and profitability was higher than the prior period, with NPAT (before transaction costs associated with the acquisition of Norfolk) up 22% to $47.3 million (FY13: $38.9 million).

STI payments to the Managing Director and other Executives for the 2014 financial year are set out in Table 8 below. The amounts reflect STI awards accrued but not yet paid in respect of the 2014 financial year. STI deferred shares will be granted in September 2014 and are subject to a two year restriction period and forfeiture conditions.

Table 8 – STI awards FY14 for Executives

		FY14 STI Awards Included in Remuneration				Share Based Payment Expense			
		STI Cash $	STI Deferred Shares[1] $	STI Vested for Achieving Performance Criteria	STI Forfeited Because Performance Criteria Not Met	FY13 $	FY14 $	FY15 $	FY16 $
Paul Dalgleish	2014	803,244	233,244	73%	27%	-	77,748	77,748	77,748
Managing Director and CEO	2013	943,824	404,496	100%	-	134,832	134,832	134,832	-
Andrew Phipps	2014	150,171	43,605	73%	27%	-	14,535	14,535	14,535
CFO (from 21 Nov 13)	2013	-	-	-	-	-	-	-	-
Simon Pankhurst	2014	182,208	5,871	43%	57%	-	1,957	1,957	1,957
Chief Exec. Infrastructure	2013	-	-	-	-	-	-	-	-
David Cairns	2014	-	-	-	100%	-	-	-	-
Chief Exec. Resources	2013	-	-	-	-	-	-	-	-
Graham Salter	2014	139,242	-	65%	35%	-	-	-	-
Exec. General Manager Energy	2013	143,267	8,593	73%	27%	2,864	2,864	2,865	-
Total	2014	1,274,865	282,720	-	-	-	94,240	94,240	94,240
Total	2013	1,087,091	413,089	-	-	137,696	137,696	137,697	-

1 STI awards are paid 100% in cash at the 'Threshold' and 'Target' levels. Between Target and Stretch levels the STI outcome is payable in cash up to the Target level and thereafter 50% in cash and 50% in STI deferred shares. The deferred shares are subject to a two years restriction period from the date of award and subject to forfeiture conditions.

3.3.3 Movement in STI Deferred Shares

Table 9, sets out the movement in deferred shares granted to named Executives. The grant of deferred shares during the year relates to STI awards for FY13 performance. Deferred shares are subject to a two year restriction from the date of grant and forfeiture conditions.

Table 9 – STI Deferred Shares Movements During the Year

	Equity	Grant Date	Vesting Date	Opening Balance 30 June 13	Granted in FY14 Number	Granted in FY14 $	Vested in FY14 Number	Vested in FY14 $[2]	Forfeited[1] Number	Forfeited[1] $	Closing Balance 30 June 14	Share Based Expense FY14	Fair Value Per Share
Paul Dalgleish	Ordinary Shares	11 Sep 13	31 Aug 16	-	155,575	404,496	-	-	-	-	155,575	134,832	2.60
Graham Salter	Ordinary Shares	11 Sep 13	31 Aug 16	-	3,305	8,593	-	-	-	-	3,305	2,864	2.60
Andrew Walsh	Ordinary Shares	11 Sep 13	31 Aug 16	-	47,923	124,600	-	-	(47,923)	(124,600)	-	-	2.60
Total					206,803	537,689	-	-	(47,923)	(124,600)	158,880	137,696	

1 Shares forfeited on resignation.

2 The value of vested performance rights are calculated as the five day volume weighted average prices of RCR shares on ASX on the date of vesting/exercise. This value may be higher or lower than the fair value used for accounting and reporting of remuneration.

3.3.4 Movement in Long-Term Incentives

Details of Unvested CEO options and unvested performance rights held by the Managing Director and other Executives and movement during the year are detailed in Tables 10 below.

Table 10 - Details of movement of unvested CEO Options and Performance Rights held during the year by Executives

	Type	Performance Hurdles	Grant Date	Performance Period End Date	Balance of Unvested Equity 1 Jul 13 Number	Granted in FY14 Number	Granted in FY14 $	Vested in FY14 Number	Vested in FY14 $	Lapsed or Forfeited Number	Lapsed or Forfeited $	Balance of Unvested Equity 30 Jun 14 Number	Share Based Payment Expense FY14 $	Fair Value Per Security $
Notes						1	1	2	2	3	3	5	4	1
Paul Dalgleish	Options	EPS & TSR	25 May 09	30 Jun 13	1,400,000	-	-	(1,400,000)	(4,395,997)	-	-	-	1,191	0.03
	Options	EPS & TSR	25 May 09	30 Jun 14	1,400,000	-	-	-	-	-	-	1,400,000	1,932	0.01
	Options	Cont. Service	25 May 09	31 Dec 13	334,000	-	-	(334,000)	(915,750)	-	-	-	2,536	0.07
	Rights	Cont. Service	13 Sep 11	30 Sep 13	248,186	-	-	(248,186)	(719,010)	-	-	-	43,957	1.44
	Rights	EPS	30 Nov 12	30 Jun 15	700,000	-	-	-	-	-	-	700,000	397,689	1.56
	Rights	TSR	30 Nov 12	30 Jun 15	700,000	-	-	-	-	-	-	700,000	281,864	1.11
	Rights	EPS	25 Feb 14	30 Jun 16	-	216,090	730,384	-	-	-	-	216,090	79,563	3.38
	Rights	TSR	25 Feb 14	30 Jun 16	-	216,090	506,191	-	-	-	-	216,090	68,926	2.34
Total					4,782,186	432,180	1,236,575	(1,982,186)	(6,030,757)	-	-	3,232,180	877,658	
Andrew Walsh	Rights	EPS & TSR	25 Jan 10	30 Jun 13	233,334	-	-	(233,334)	(675,984)	-	-	-	10,861	0.68
	Rights	Cont. Service	25 Jan 10	25 Jan 14	333,334	-	-	-	-	(333,334)	(263,369)	-	-	0.92
	Rights	EPS & TSR	17 Sep 10	30 Jun 14	333,333	-	-	-	-	(333,333)	(179,213)	-	-	0.78
	Rights	Cont. Service	17 Sep 10	30 Jun 14	333,333	-	-	-	-	(333,333)	(254,595)	-	-	1.11
	Rights	Cont. Service	13 Sep 11	30 Sep 13	70,256	-	-	(70,256)	(203,536)	-	-	-	12,444	1.44
	Rights	EPS	14 Jan 13	30 Jun 15	325,000	-	-	-	-	(325,000)	(39,991)	-	-	1.95
	Rights	TSR	14 Jan 13	30 Jun 15	325,000	-	-	-	-	(325,000)	(77,304)	-	-	1.35
Total					1,953,590	-	-	(303,590)	(879,520)	(1,650,000)	(814,472)	-	23,305	

	Type	Performance Hurdles	Grant Date	Performance Period End Date	Balance of Unvested Equity 1 Jul 13	Granted in FY14		Vested in FY14		Lapsed or Forfeited		Balance of Unvested Equity 30 Jun 14	Share Based Payment Expense FY14	Fair Value Per Security
					Number	Number	$	Number	$	Number	$	Number	$	$
Notes						1	1	2	2	3	3	5	4	1
Andrew Phipps	Rights	EPS	30 Aug 13	30 Jul 15	-	25,000	68,770	-	-	-	-	25,000	23,413	3.10
	Rights	TSR	30 Aug 13	30 Jun 15	-	25,000	39,946	-	-	-	-	25,000	13,600	1.80
	Rights	Cont. Service	30 Aug 13	31 Jul 15	-	50,000	137,541	-	-	-	-	50,000	46,826	3.10
	Rights	Cont. Service	30 Aug 13	31 Jul 16	-	50,000	139,107	-	-	-	-	50,000	30,247	3.01
	Rights	Cont. Service	30 Aug 13	31 Jul 17	-	50,000	137,673	-	-	-	-	50,000	22,007	2.92
	Rights	Cont. Service	25 Feb 14	31 Jul 15	-	50,000	161,350	-	-	-	-	50,000	36,538	3.23
	Rights	Cont. Service	25 Feb 14	31 Jul 16	-	50,000	156,470	-	-	-	-	50,000	19,175	3.13
	Rights	Cont. Service	25 Feb 14	31 Jul 17	-	50,000	151,750	-	-	-	-	50,000	13,306	3.04
	Rights	EPS	25 Feb 14	30 Jun 15	-	50,000	161,350	-	-	-	-	50,000	36,538	3.23
	Rights	TSR	25 Feb 14	30 Jun 15	-	50,000	101,730	-	-	-	-	50,000	23,037	2.03
	Rights	EPS	25 Feb 14	30 Jun 16	-	75,000	253,500	-	-	-	-	75,000	27,614	3.38
	Rights	TSR	25 Feb 14	30 Jun 16	-	75,000	175,688	-	-	-	-	75,000	23,923	2.34
Total					-	600,000	1,684,875	-	-	-	-	600,000	316,224	
Simon Pankhurst	Rights	EPS	24 May 13	30 Jun 15	50,000	-	-	-	-	-	-	50,000	39,866	1.81
	Rights	TSR	24 May 13	30 Jun 15	50,000	-	-	-	-	-	-	50,000	30,959	1.41
	Rights	Cont. Service	24 May 13	15 Apr 15	100,000	-	-	-	-	-	-	100,000	92,626	1.83
	Rights	Cont. Service	24 May 13	15 Apr 16	100,000	-	-	-	-	-	-	100,000	59,354	1.77
	Rights	Cont. Service	24 May 13	15 Apr 17	100,000	-	-	-	-	-	-	100,000	42,933	1.71
	Rights	EPS	25 Feb 14	30 Jun 16	-	50,000	169,000	-	-	-	-	50,000	18,410	3.38
	Rights	TSR	25 Feb 14	30 Jun 16	-	50,000	117,125	-	-	-	-	50,000	15,948	2.34
Total					400,000	100,000	286,125	-	-	-	-	500,000	300,096	

	Type	Performance Hurdles	Grant Date	Performance Period End Date	Balance of Unvested Equity 1 Jul 13 Number	Granted in FY14 Number	Granted in FY14 $	Vested in FY14 Number	Vested in FY14 $	Lapsed or Forfeited Number	Lapsed or Forfeited $	Balance of Unvested Equity 30 Jun 14 Number	Share Based Payment Expense FY14 $	Fair Value Per Security $
Notes						1	1	2	2	3	3	5	4	1
David Cairns	Rights	Cont. Service	30 Aug 13	31 Aug 15	-	100,000	310,370	-	-	-	-	100,000	-	3.10
	Rights	Cont. Service	30 Aug 13	31 Aug 16	-	100,000	301,010	-	-	-	-	100,000	-	3.01
	Rights	Cont. Service	30 Aug 13	31 Aug 17	-	100,000	291,930	-	-	-	-	100,000	-	2.92
	Rights	EPS	25 Feb 14	30 Jun 16	-	50,000	169,000	-	-	-	-	50,000	-	3.38
	Rights	TSR	25 Feb 14	30 Jun 16	-	50,000	117,125	-	-	-	-	50,000	-	2.34
Total					-	400,000	1,189,435	-	-	-	-	400,000	-	
Graham Salter	Rights	EPS & TSR	27 May 11	30 Jun 13	50,000	-	-	(50,000)	(144,853)	-	-	-	-	1.10
	Rights	Cont. Service	27 May 11	30 Jun 13	50,000	-	-	(50,000)	(144,853)	-	-	-	-	1.63
	Rights	EPS & TSR	9 May 12	30 Jun 14	50,000	-	-	-	-	-	-	50,000	24,640	1.18
	Rights	Cont. Service	9 May 12	30 Jun 14	50,000	-	-	-	-	-	-	50,000	38,003	1.82
	Rights	EPS	14 Jan 13	30 Jun 15	50,000	-	-	-	-	-	-	50,000	36,992	1.95
	Rights	TSR	14 Jan 13	30 Jun 15	50,000	-	-	-	-	-	-	50,000	25,535	1.35
	Rights	EPS	25 Feb 14	30 Jun 16	-	37,500	126,750	-	-	-	-	37,500	13,807	3.38
	Rights	TSR	25 Feb 14	30 Jun 16	-	37,500	87,844	-	-	-	-	37,500	11,961	2.34
Total					300,000	75,000	214,594	(100,000)	(289,706)	-	-	275,000	150,938	

1 Granted –The fair value of performance rights granted during the year has been calculated by an independent third party using a Binomial valuation analysis.

2 Vested - LTI awards vested in respect of prior period (FY13) performance options to named Executives during the year comprises:

- 1,400,000 options vested to Dr Dalgleish in respect of the prior year (FY13) performance hurdles achieved over the period 1 July 2009 to 30 June 2013;
- 248,186 performance rights vested to Dr Dalgleish for continuous service;
- 334,000 options vested to Dr Dalgleish for continuous service for the period 25 May 2009 to 31 December 2013. These were granted to Dr Dalgleish in May 2009;
- 233,334 performance rights vested to Andrew Walsh in respect of the prior year (FY13) performance hurdles over the period 1 July 2010 to 30 June 2013;
- 70,256 performance rights vested to Andrew Walsh for continuous service;
- 50,000 performance rights vested to Graham Salter in respect of the prior year (FY13) performance hurdles over the period 1 July 2010 to 30 June 2013, and
- 50,000 performance rights vested to Graham Salter for continuous Service.

The value of vested options and performance rights is calculated per option or right as the five day volume weighted average prices of RCR shares on ASX on the date of vesting/exercise, less the exercise price (if applicable). The fair value used for accounting expense may be higher or lower.

3 Lapsed - during the year: 1,650,000 performance rights granted to Mr Walsh lapsed on his resignation from the Company. The value of the lapsed performance rights is calculated as the fair value on the date of the grant.

4 Share-Based Payments Expense - In accordance with the requirements of AASB 2 Share-Based Payments, the fair value of options and performance rights as at the date of grant has been determined by applying a Black-Scholes option pricing technique or binomial valuation. The fair value of options and performance rights is amortised over the vesting period such that 'total remuneration' includes a proportion of the fair value of unvested equity compensation during the year. The amount included in remuneration is not related to or indicative of the benefit (if any) that individual Executives may ultimately realise should these securities vest.

5 Balance of unvested equity awards - The estimated minimum value of performance rights yet to vest is nil and the maximum value is the number of rights multiplied by the last sale price of RCR Shares at 30 June 2014 of $2.80 the exercise price (if applicable). Options have an exercise price of $0.39 per share and there is no exercise price payable on performance rights.

Equity Grants – Purchased On-Market

During the year no RCR shares were acquired on-market to satisfy the vesting of performance rights, options or STI deferred shares.

3.4 Executives Service Contracts

Remuneration and other terms of employment for the Managing Director, Chief Financial Officer and the other Executives are formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below.

A summary of the key contractual provisions for each of the current Executive personnel is set out in Table 11 below.

Table 11 – Key Contractual Provisions for Current Executives

	Employing Company	Contract Duration	Termination Notice Period (Company)	Termination Notice Period (Employee)
Paul Dalgleish, Managing Director and CEO	RCR Corporate Pty Ltd	No Fixed Term	12 Months	6 Months
Andrew Phipps, Chief Financial Officer	RCR Corporate Pty Ltd	No Fixed Term	6 Months	6 Months
Simon Pankhurst, Chief Exec. Infrastructure	RCR Infrastructure Pty Ltd	No Fixed Term	6 Months	6 Months
David Cairns[1], Chief Exec. Resources	RR Resources Pty Ltd	No Fixed Term	6 Months	6 Months
Graham Salter, Exec. General Manager Energy	RCR Energy Pty Ltd	No Fixed Term	6 Months	6 Months

[1] Mr Cairns has resigned his position and is presently working out his notice period.

4.0 Non-Executive Directors' Remuneration

4.1 Non-Executive Directors' Remuneration Structure and Fee Pool

Non-Executive Directors' remuneration consists of a base fee for their role as Board members plus committee fees for their role on nominated Board sub-committees. Non-Executive Directors' fees are determined within an aggregated Directors' fee pool limit of $950,000, which was last approved by shareholders at the 2012 Annual General Meeting.

There was no increase in Board and committee fees paid to Non-Executive Directors in FY14.

Table 12 – Annual Board and Committee Fees Payable to Non-Executive Directors

Position	Board $	Audit and Risk Committee $	Remuneration and Nomination Committee $
Chairman of the Board	208,000	-	-
Non-Executive Director	104,000	-	-
Committee Chairman	-	24,000	12,000
Committee Member	-	12,000	6,000

No retirement benefits are paid other than the statutory superannuation contributions of 9.25% required under Australian superannuation guarantee legislation. Board and committee fees amounts are inclusive of statutory superannuation contributions.

4.2 Non-Executive Directors' Remuneration for FY14

Details on the nature and amount of remuneration of RCR's Non-Executive Directors for FY14 are set out in Table 13.

Table 13 – Remuneration of Non-Executive Directors

		Base Fees $	Other $	Superannuation $	Total
Roderick Brown Chairman	2014	198,072	-	17,775	215,847
	2013	198,689	-	16,527	215,216
Eva Skira	2014	124,295	-	11,503	135,798
	2013	118,041	-	10,624	128,665
Paul Dippie	2014	115,976	-	-	115,976
	2013	116,000	-	-	116,000
Lloyd Jones	2014	65,421	-	6,051	71,472
	2013	-	-	-	-
Bruce James	2014	44,422	-	4,109	48,531
	2013	-	-	-	-
Kevin Edwards	2014	46,521	7,712[1]	4,308	58,541
	2013	118,054	-	10,625	128,679
Mark Bethwaite	2014	26,006	-	2,410	28,416
	2013	101,358	-	9,122	110,480
Total	2014	620,713	7,712	46,156	674,581
Total	2013	652,142	-	46,898	699,040

1 Other includes the cost of a gift given by the Company (and applicable fringe benefits tax) to Mr Edwards for his service to the Company.

Corporate Governance

Statement on Corporate Governance at RCR

This statement reports on RCR's key governance framework, principles and practices as at 30 June 2014 and has been approved by the Board. These principles and practices are reviewed regularly and revised as appropriate to reflect changes in law and best practice in corporate governance.

ASX Principles of Corporate Governance

RCR, as a listed entity, must comply with the Corporations Act 2001 ("Cth") ("*Corporations Act*"), the Australian Securities Exchange Limited ("ASX") Listing Rules ("ASX Listing Rules"), and other laws applicable in Australia and in countries where RCR operates.

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the Corporate Governance Principles and Recommendations ("ASX Principles") 2nd Edition released by the ASX Corporate Governance Council. The ASX Principles require the Board to consider carefully the development and adoption of appropriate corporate governance policies and practices founded on the ASX Principles.

Recently, the ASX published a new edition of the ASX Principles (being the 3rd Edition). However, the 3rd Edition of ASX Principles and related amendments to ASX Listing Rules will only take effect for RCR on or after 1 July 2014. Accordingly, this Corporate Governance Statement is prepared in accordance with the 2nd Edition of ASX Principles. RCR will report in accordance with the 3rd Edition of ASX Principles and the relevant ASX Listing Rules for the financial year ending 30 June 2015.

Compliance with ASX Principles of Corporate Governance

RCR's corporate governance practices were in place throughout the year ended 30 June 2014 and comply in all material respects with the ASX Principles unless otherwise stated.

Details of the Company's compliance with the ASX Principles are set out below. A checklist, cross referencing the ASX Principles to the relevant section of this statement and the remuneration report, is provided on pages 74 to 76 of this report and published on the Company's website at www.rcrtom.com.au/index.php/about-us/corporate-governance.

1. The Board of Directors and Management

1.1 The Role and Responsibilities of Directors and Management

ASX CGC Recommendations 1.1, 1.3

Functions of the Board

The Constitution provides that the business and affairs of the Company are to be managed by, or under the direction of, the Board.

The Board has a charter which clearly sets out the role and responsibilities of the Board, and describes the separate functions of management and delegated responsibilities.

> A copy of the Board Charter is available in the corporate governance section of RCR's website.

The primary role of the Board is to approve the strategic direction of RCR, guide and monitor the management of RCR and its businesses in achieving its strategic plans, and oversee governance practices. The Board aims to protect and enhance the interests of its shareholders, while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

Functions of Management

The Managing Director and Chief Executive Officer ("CEO") has responsibility for the day-to-day management of RCR and its businesses, and is supported in this function by the RCR leadership team.

1.2 Responsibilities of the Board

ASX CGC Recommendations 1.1

The primary role of the Board is to set the Company's strategic direction, to select and appoint a CEO, to oversee the Company's management and business activities, and report to shareholders.

In addition to matters required by law to be approved by the Board, the Board is responsible for:

- Strategy - approving strategic plans, including acquisitions and disposal or cessation of any significant business of the Company;
- Board composition - determining the size and composition of the Board as well as recommending to shareholders the appointment and removal of directors;
- Leadership selection - the appointment of the CEO, and Chief Financial Officer. Evaluating the performance of the CEO and approving the remuneration for the CEO, CFO and those executives reporting directly to the CEO;
- Shareholders equity - authorising the issue of shares, equity instruments or other securities, declaration of any dividends, and the implementation of any capital return or buyback program;
- Operational budgets – approving the Company's annual operating budget;
- Borrowings – authorising borrowings and the grant of security over undertakings of the Company or any of its assets;
- Policies – approving policies of general company-wide or general application;
- Risk management – approving of the Company's risk management policy and monitoring systems of risk management and internal audit; and
- Reporting to shareholders – communicating with the Company's shareholders and the investment community;

1.3 Board Composition

ASX CGC Recommendations 2.1, 2.2, 2.3 and 2.6

The Company's Constitution provides that the maximum number of directors must be no more than seven and no less than three (including the Managing Director). At the date of this Report, the Board consists of six Directors, including five Independent Non-Executive Directors and the Managing Director.

Details on each of the Directors' backgrounds including experience, knowledge, skills and their status as an independent or Non-Independent Director are set out below and on pages 26 to 27 of this Report.

The Board has an extensive range of relevant industry experience, financial and other skills and expertise to meet its objectives. The Board considers that the Non-Executive Directors collectively bring the appropriate range of skills, knowledge and experience necessary to direct the Company.

In assessing the composition of the Board, the Directors have regard to the following policies:

- The Chairman should be an independent, Non-Executive;
- The role of the Chairman and CEO should not be filled by the same person;
- The CEO should be a full-time employee of the Company;
- The majority of the Board should comprise Directors who are both Non-Executive and independent; and
- The Board should comprise a broad range of qualifications, diversity, experience and expertise.

Where a casual vacancy arises, the Board will seek to appoint a Non-Executive Director with requisite skills and experience in the industry.

Composition of the Board

Director	Position	Independence	Period in Office	Appointed to RCR
Mr Roderick Brown	Chairman, Non-Executive Director	Independent	9 years	Director since October 2005 and Chairman since January 2008
Dr Paul Dalgleish	Managing Director and CEO	Executive	5 years	CEO since May 2009 and Managing Director since October 2011
Ms Eva Skira	Non-Executive Director	Independent	6 years	May 2008
Mr Paul Dippie	Non-Executive Director	Independent	7 years	March 2007
Mr Lloyd Jones	Non-Executive Director	Independent	10 months	November 2013
Mr Bruce James	Non-Executive Director	Independent	7 months	January 2014

In considering the current skills and experience of the Board and its Non-Executive Directors, the Board considers that the following skills are important to the Company.

- Business experience
- Industry knowledge
- International markets knowledge
- Finance skills
- Ability to manage risk
- Ability to manage people
- Experience in financial markets
- High standards of corporate governance

1.4 Responsibilities of Chairman

ASX CGC Recommendations 2.2 and 2.3

The Board elects one of the independent, Non-Executive Directors to be Chairman. The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the promotion of relations between Board members and between Board and management that are open, cordial and conducive to productive co-operation.

Mr Brown was appointed as Non-Executive Chairman in January 2008. Mr Brown is also Chairman of Immersive Technologies Pty Ltd. The Board considers that neither his role as Chairman of Immersive Technologies, nor any of his other commitments, interfere with the discharge of his duties to the Company. The Board is satisfied that Mr Brown commits the time necessary to discharge his role effectively.

1.5 Director Independence

ASX CGC Recommendations 2.1 and 2.6

The independence of a Director will be assessed by determining whether the Director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The test of whether a relationship or business is material is based on the nature of the relationship or business and on the circumstances and activities of the Director. Materiality is considered from the perspective of RCR, the persons or organisations with which the Director has an affiliation and from the perspective of the Director. Materiality thresholds are considered by the Board from time to time.

The Board considers that:

- A material customer is a customer of RCR which accounts for more than 5% of RCR's consolidated gross revenue;
- A supplier is material if RCR accounts for more than 5% of the supplier's consolidated gross revenue; and
- A substantial shareholder of RCR is someone who holds greater than 5% of the voting capital of RCR.

During the year the Board completed a review of independence of Directors and determined that all Non-Executive Directors are independent. Dr Dalgleish, due to his executive role as Managing Director, is not regarded as independent.

> A copy of the Policy on Independence of Directors, is available in the corporate governance section of RCR's website.

1.6 Board Meetings

During the year the Board held ten Board meetings. In addition, various Board Sub-Committee meetings were held and site visits occurred throughout the year and an annual strategic planning workshop was held.

Particulars of the number of meetings of the Board of Directors of RCR and each Board Committee of Directors held and attended by each Director during the 12 months ended 30 June 2014 are set out in the Directors' Report.

The Chairman, in conjunction with the CEO sets the agenda for each Board meeting. Any Director may request additional matters be added to the agenda. The CFO and Company Secretary attend meetings of the Board by invitation. Other members of the senior executive team attend Board meetings by invitation.

The Company's Non-Executive Directors confer regularly without management present at various times throughout the year.

Directors are entitled to request additional information where they consider the information is necessary to support informed decision making.

1.7 Board Renewal and Succession Planning

ASX CGC Recommendations 2.6

The Board in conjunction with the Remuneration and Nomination Committee reviews the size and composition of the Board and the mix of existing and desired competencies across members from time to time.

The appointment of Directors is governed by the Company's Constitution, the Board Charter and the Remuneration and Nomination Committee Charter. The Remuneration and Nominations Committee is responsible for evaluating Board candidates and recommending individuals for appointment to the Board. The Committee evaluates prospective candidates against a range of criteria including skills, experience, expertise and diversity that will best complement Board effectiveness at the time. The Board may engage an independent recruitment firm to undertake a search for suitable candidates, undertake reference checks and review relevant clearances.

During the year the Board completed, with the assistance of external advisers, a review of the size, composition and diversity of the Board and the mix of existing and desired competencies across members.

During the year two new Non-Executive Director appointments were made and two Non-Executive Directors retired. Mr Lloyd Jones joined the Board in November 2013. Mr Jones has more than 35 years experience in executive roles in Australia, USA and China related to the mining and heavy-industry sectors. Mr Bruce James joined the Board in January 2014. Mr James has more than 35 years engineering experience in the delivery of large scale infrastructure projects.

Any Director appointed to fill a casual vacancy since the date of the previous Annual General Meeting must submit themselves to shareholders for election at the next Annual General Meeting. Accordingly, Mr James and Mr Jones will both will be subject to election by shareholders at the 2014 Annual General Meeting.

Directors are appointed for a term of three years. Retiring Directors are not automatically re-appointed. Any Director, who retires at the end of their term, may offer themselves for re-election by shareholders at the next Annual General Meeting.

1.8 Directors' Appointment, Induction Training and Continuing Education

All new Directors are provided with a formal letter of appointment setting out the key terms and conditions of the appointment, including duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding their involvement with committee work.

A formal induction is provided to all new Directors. It includes comprehensive meetings with the CEO, key executives and management, information on key corporate and Board policies and the option to visit some of the Company's primary operations either upon appointment or with the Board during its next site tour.

All Directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Company where appropriate. Subject to consultation with the Chairman, the reasonable cost of continuing education and training is met by the Company.

To assist the Directors in maintaining an appropriate level of knowledge of the operations of the Company, Non-Executive Directors undertake site visits each year to some of RCR's businesses.

1.9 Board Performance Evaluation

ASX CGC Recommendations 1.3, 2.5 and 2.6

The Board undertakes ongoing self-assessment and review of performance of the Board, committees and individual Directors at least every two years.

The Chairman of the Board is responsible for determining the process for evaluating Board performance. The performance evaluation process includes completion of a formal assessment and questionnaire that has been approved by the Remuneration and Nomination Committee. Responses to the questionnaire and outcomes from the assessment are then tabulated and reported on in a format approved by the Board. A copy of that report is provided to the Chairman and the contents of the report are then discussed by the full Board.

In September 2013, a Board performance review together with a performance review of the Board committees was conducted. The review was facilitated by an independent external consultant. The outcomes of the review were communicated and discussed with each Non-Executive Director and the CEO.

1.10 Director Remuneration

ASX CGC Recommendations 8.3

The current fee pool for Non-Executive Directors is $950,000 per annum, as approved by shareholders at the 2012 Annual General Meeting.

Details on Non-Executive Directors fees paid are set out in the Remuneration Report. Shareholders are invited to consider and approve the Remuneration Report at each Annual General Meeting.

Non-Executive Directors' fees are regularly reviewed by the Board to ensure that the remuneration level is fair given the level of skill and expertise required in discharging their duties. In conducting a review, the Board may obtain advice from an external independent remuneration consultant.

During the year, the Remuneration and Nomination Committee engaged external independent remuneration consultants, Guerdon Associates, for advice on remuneration matters.

1.11 Board Access to Independent Advice

ASX CGC Recommendations 2.6

Directors may, in carrying out their company related duties, seek external professional advice. If external professional advice is sought a Director is entitled to reimbursement of all reasonable costs where such a request for advice is approved by the Chairman. In the case of a request made by the Chairman, approval is required by at least two Board members.

1.12 Conflicts of Interest

Directors are required to disclose any actual or potential conflict or material personal interests on appointment as a Director and are required to keep these disclosures up to date.

In the event that there is, or may be, a conflict between the personal or other interests of a Director, then the Director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter. When the matter comes before the Board for discussion, the Director withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision making process.

1.13 Responsibilities of Managing Director / CEO

The Managing Director and CEO is appointed by the Board under the Company's Constitution. The CEO is responsible for the day-to-day management of the Company and his authority is delegated and authorised by the Board. The CEO's objective is directing the profitable operation and development of the Company, consistent with the primary objective of enhancing long-term shareholder value.

The CEO's services are governed by a written employment agreement, which is regularly reviewed against corporate objectives and other KPI's. The review is undertaken by the Chairman of the Board.

1.14 Management Performance and Remuneration

ASX CGC Recommendations 1.2, 1.3

Full details on the remuneration paid to executives, are set out in the Remuneration Report in this Report.

Executives have an annual and a long-term incentive or 'at risk' component as part of their total remuneration package. The mix of remuneration and the performance measures used in the incentive plans have been designed to ensure that there is a strong link between remuneration earned and the achievement of the Company's strategy and business performance, which ultimately generate returns for shareholders.

During the year an annual performance review was completed for the Managing Director. The Company has an annual performance review process. The process includes a discussion on the potential future development of the executives along with any training required to enhance prospects for their development and progression in the Company.

1.15 Company Secretary

Details on the Company Secretary are set out in the Directors' Report. The appointment and removal of the Company Secretary is a matter for decision by the Board. The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the functioning of the Board.

The Company Secretary is required to be a member of the Governance Institute of Australia. The Company Secretary has responsibilities for providing advice to Directors and executives on corporate governance and regulatory matters, recording minutes of Board and Committee meetings, developing the Company's corporate governance framework and giving effect to the Board's decisions.

All Directors have access to advice from the Company Secretary.

2. Board Committees

2.1 Board Committees and Membership

ASX CGC Recommendations 2.4, 2.6, 4.1, 4.2, 4.3, 4.4, 8.1, 8.2 and 8.4

The Board has the ability, under the Company's Constitution, to delegate its powers and responsibilities to committees of the Board. This allows the Directors to spend additional and more focused time on specific issues.

The Board currently has three standing committees to assist in the discharge of its responsibilities.

Committee	Members	Key responsibilities	Composition
Audit & Risk Committee	Eva Skira (Chair) Paul Dippie Bruce James	Monitors the financial reporting process, and external audit functions. It oversees the management of material business risks and the development of corporate governance principles.	At least Three Non-Executive Directors
Remuneration & Nominations Committee	Eva Skira (Chair) Roderick Brown Lloyd Jones	Assists the Board in considering remuneration policies, practices and decisions. Ensures the Board and the CEO have the necessary range of skills, expertise and experience to further corporate objectives.	At least Three Non-Executive Directors
Takeover Response Committee	Roderick Brown (Chair) All Directors	Assists the Board to manage and prepare for any unsolicited takeover response.	Such members as the Board determines from time to time

Oversight of health, safety and environment is included as a standing agenda item at each Board meeting.

Each committee has a charter, detailing its membership, role, responsibilities and powers where conferred on a committee by the Board. Committee charters are reviewed regularly and updated as required. Prior to the commencement of each year the committees set an annual agenda for the coming year with reference to the committee charter and other issues the committee members or Board considers appropriate for consideration by the committee.

Committee members are chosen for the skills, experience and other qualities they bring to the committees. The executive management attends, by invitation, Board committee meetings.

All papers considered by the standing committees are available to Directors who are not on that committee.

Following each committee meeting, generally at the next Board meeting, the Board is given a verbal update by the Chair of each committee. In addition, minutes of all committee meetings are provided to all Directors.

The Company Secretary provides secretariat services for each committee.

Other committees are convened as required to address major transactions or other matters calling for special attention.

2.2 Audit and Risk Committee

ASX CGC Recommendations 4.1, 4.2, 4.3, 4.4 and 7.1

The role of the Audit and Risk Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, external audit function, internal control structure, risk management procedures and the Company's corporate governance system. In doing so, it is the Committee's responsibility to maintain free and open communication between the Committee, the external auditors and the management of the Company.

The Audit and Risk Committee is required to have a minimum of three members and to be composed of Non-Executive Directors, a majority of which must be independent. The Chair of the Audit and Risk Committee must not be the Chair of the Board and must be an independent Non-Executive Director.

Details of the names and qualifications of those appointed to the audit committee and their attendance at committee meetings is set out in the Directors' Report.

The external auditors, the CEO, and the Chief Financial Officer and Company Secretary regularly attend Committee meetings by invitation. The Committee meets at least four times per year.

> A copy of the Audit and Risk Committee Charter is available in the corporate governance section of RCR's website.

2.3 Remuneration and Nomination Committee

ASX CGC Recommendations 2.4, 2.6, 8.1, 8.2 and 8.4

The role of the Remuneration and Nomination Committee is to assist the Board by reviewing and approving the Company's remuneration policies and practices and the appointment of Non-Executive Directors to the Board. The Committee's key responsibilities include:

- Reviewing Board and CEO performance and succession plans;
- Reviewing the Company's remuneration framework and policy, which is used to attract, retain and motivate Directors and executives to achieve operational excellence and create value for shareholders;
- Reviewing incentive schemes for executives, to establish rewards, which are fair and reasonable, having regard to the Company's strategic goals, individual performance and general remuneration conditions;
- Approving the annual remuneration report; and
- Approving the Company's Diversity Policy.

The Remuneration and Nomination Committee is required under ASX Principles to have a minimum of three members and to mostly comprise independent Non-Executive Directors.

The Committee meets at least four times per year. The Managing Director and Company Secretary attend Committee meetings by invitation. For further information in relation to the remuneration of Directors and Executives, refer to the Remuneration Report.

> A copy of the Remuneration and Nomination Committee Charter is available in the corporate governance section of RCR's website.

3. Risk Management and Internal Control

3.1 Approach to Risk Management

ASX CGC Recommendations 7.1 and 7.4

The Board and management recognise that risk management and internal compliance and control are key elements of good corporate governance.

The Company's approach to risk management is based on the identification, assessment, monitoring and management of material business risks embedded in its business and integrated management systems.

The operating and financial review, within the Directors' Report outlines the Company's performance during the year, the financial position and the main business strategies and prospects. It also highlights the material business risks associated with the ongoing operations of the business and achievement of the Company's stated strategies.

The Board and its Audit and Risk Committee is responsible for oversight of the material business risks. Senior executives are responsible for overseeing the implementation of the Company's Risk Management Policy.

During the year the Audit and Risk Committee completed a review of the Company's Risk Management Policy.

> A copy of the Company's Risk Management Policy is available in the corporate governance section of RCR's website.

3.2 Risk Management Roles and Responsibilities

ASX CGC Recommendations 7.2 and 7.4

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with those risks and opportunities.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include:

- Board receives regular updates on key risks associated with the development of the major projects and tenders;
- Implementation of Board approved annual operating budgets and plans, then monitoring of actual progress against those;
- Audit and Risk Committee receiving reports on material business risks and assessing processes and procedures to identify risks and mitigation strategies in RCR's activities; and
- The Board reviews annually the Company's strategic plan and prospects and the material business risks which may impact achievement of the Company's strategies.

During the year the Audit and Risk Committee and the Board reviewed the material business risks for the Company and received reports from management of the effectiveness of the Company's management of those risks. In addition, the Energy business completed a risk management workshop to review its key business risks and mitigation strategies.

Details on the Company's Material Business Risks are set out in the Directors' Report.

3.3 CEO and CFO Assurance on Corporate Reporting

ASX CGC Recommendations 7.3 and 7.4

The Board receives monthly reports about the financial condition and operational results of RCR and its controlled entities.

The CEO and CFO provide, at the end of each six monthly period, a formal statement to the Board confirming that the Company's financial reports present a true and fair view, in all material respects, and the group's financial condition and operational results have been prepared in accordance with the relevant accounting standards.

The statement also confirms that the integrity of the Company's financial statements and notes to the financial statements is founded on a sound system of risk management, internal compliance and control which implements the policies approved by the Board, and that the Company's risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively in all material respects.

3.4 Internal Audit

The internal audit process is independent from business management and is aimed at ensuring that the design and operation of RCR's risk management and internal control system is effective.

The Audit and Risk Committee oversees and monitors internal audit activities and reviews internal audit's activities and reports. It also approves the internal audit program and receives reports from the Internal Auditor concerning the effectiveness of internal controls.

The internal audit is conducted in accordance with international auditing standards. The internal auditor has full access to all necessary company information.

Internal Audit and External Audit are separate and independent of each other.

> A copy of the Internal Audit Charter is available on the in the corporate governance section of RCR's website.

4. Shareholders

4.1 Continuous Disclosure

ASX CGC Recommendations 5.1, 5.2

The Company is committed to maintaining a level of disclosure that meets the standards and provides all investors with timely and equal access to information issued by the Company.

The Company's Continuous Disclosure Policy reinforces its commitment to ASX continuous disclosure requirements and outlines management's accountabilities and the processes to be followed for ensuring compliance. The policy also describes the Company's guiding principles for market communications.

> A copy of the Continuous Disclosure Policy is available in the corporate governance section of RCR's website.

4.2 Shareholder Communication

ASX CGC Recommendations 6.1 and 6.2

The Company is committed to giving all shareholders comprehensive, timely and equal access to information about its activities so that they can make informed decisions. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of shares in the Company.

A wide range of communication approaches are employed including direct communications with shareholders and presentations to shareholders at the Company's Annual General Meeting. All relevant company information, including the Company's Annual Report is published in the Investors and Media section of RCR's website at www.rcrtom.com.au. Shareholders are also given the opportunity to receive information in print or electronic format.

The Company's Shareholder Communication Policy provides that the Company will communicate effectively with its shareholders, give shareholders ready access to balanced and understandable information about RCR and encourages shareholder participation at General Meetings and Annual General Meetings. The way it does this includes:

- Ensuring that financial reports are prepared in accordance with applicable laws;
- Ensuring the disclosure of full and timely information about the Company's activities in accordance with the general and continuous disclosure principles of the ASX Listing Rules and the Corporations Act 2001;
- The Chairman and CEO reporting to shareholders at the Company's Annual General Meeting;
- Placing all market announcements (including quarterly reports and financial reports) on the Company's website as soon as practicable following release; and
- Ensuring that reports, notices of meeting and other shareholder communications are prepared in a clear and concise manner.

> A copy of the Shareholder Communication Policy is available in the corporate governance section of RCR's website.

5. Promoting Ethical and Responsible Behaviour

5.1 Health, Safety and the Environment

The Board has approved a Health and Safety Policy consistent with RCR's commitment to standards of occupational health and safety management at its operations. The health, safety and wellbeing of our people, contractors, suppliers, visitors and local communities are a key value for the Company.

The Company's safety management system includes standards to guide aspects of safety management at operations.

The Company's health, safety and environment systems are regularly reviewed with the objective to ensure continuing compliance and improve health, safety and environment practices.

The Company's philosophy is that all personnel share the responsibility for a safe workplace. Safety performance is closely monitored by the Board and is a subject of standing item at all regular Board meetings.

5.2 Codes of Conduct, Whistleblower and Anti-Bribery and Corruption Policies

ASX CGC Recommendations 3.1 and 3.5

The Board has approved a Code of Conduct for Directors and a Code of Conduct for Employees, which describes the standards of ethical behaviour that directors and employees are required to maintain.

Compliance with the Code of Conduct by Directors and employees will also assist RCR in effectively managing its operating risks and meeting its legal and compliance obligations, as well as enhancing RCR's corporate reputation.

The Code of Conduct describes the Company's requirements on matters such as confidentiality, conflicts of interest, sound employment practices, compliance with laws and regulations, the protection and proper use of company assets and the responsibilities and accountabilities of individuals for reporting and investigating reports of unethical practices.

> A copy of the Employee Code of Conduct is available in the corporate governance section of RCR's website.

The Company operates a Whistleblower Policy and is committed to maintaining an open working environment in which employees are able to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal. The purpose of the Whistleblower Policy is to:

- Help detect and address unacceptable conduct;
- Help provide employees with a supportive working environment in which they feel able to raise issues of legitimate concern to them and RCR;
- Provide an external confidential helpline which can be used for reporting unacceptable conduct; and
- Help people who report unacceptable conduct in good faith.

During the year the Board approved an Anti-Bribery and Corruption Policy, which details the Company's commitment to conducting business and for all of our associated activities with integrity, free from dishonesty and improper behaviour. The procedures and system to support the policy are being rolled out.

5.3 Securities Trading Policy

ASX CGC Recommendations 8.4

The Company's Securities Trading Policy remains in compliance ASX Listing Rule requirements.

The Securities Trading Policy is binding on all Directors and employees. The policy provides a brief summary of the law on insider trading and other relevant laws; sets out the restrictions on dealing in securities by people who work for, or are associated with, the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

The policy prohibits Directors and employees from dealing in the Company's securities when they are in possession of 'price sensitive information' that is not generally available to the share market. It also prohibits dealings by Directors and certain restricted employees during 'black-out' periods, including the periods between the end of the financial half year and the announcement of the half year results and the end of the financial full year and the announcement of the full year results.

Directors and the CEO are required to seek the approval of the Chairman before dealing in Company securities or entering into any financial arrangement by which RCR securities are used as collateral. In the case of the Chairman, the approval from two Directors is required before dealing in Company securities. Restricted employees are required to seek the approval of the CEO before dealing in Company securities or entering into any financial arrangement by which RCR securities are used as collateral.

Directors and restricted employees must also give the Company Secretary notice of trading within two business days after the dealing.

Any dealing in RCR securities by Directors (including the Managing Director/CEO) is notified to the ASX within five business days of the dealing.

It is a condition of the Securities Trading Policy that Directors and employees participating in an equity-based incentive plan, are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any person the risk of any fluctuation in the value of unvested entitlements in RCR securities. This prohibition is also contained in the Rules of the Long Term Incentive Plan.

> A copy of the Company's Security Trading Policy is available in the corporate governance section of RCR's website.

6. External Audit

6.1 External Auditor Relationship

ASX CGC Recommendation 4.4

The Board is committed to the basic principles that:

- Financial reports represent a true and fair view;
- Accounting practices are comprehensive, relevant and comply with applicable accounting standards and policies; and
- The external auditor is independent and serves shareholders' interests.

Appointment and rotation of auditor

The Board has adopted an External Auditor Policy which covers the terms of appointment of the Company's external auditor. The policy includes provisions directed to maintaining the independence of the external auditor and in assessing whether the provision of any non-audit services by the external auditor that may be proposed is appropriate. Such provisions are referenced to the Code of Ethics published by the International Federation of Accountants ("IFAC").

> A copy of the External Audit Policy is available in the corporate governance section of RCR's website.

Furthermore, in accordance with the External Auditor Policy, it requires rotation of the audit partner at least every five years, prohibits the reinvolvement of a previous audit partner in the audit service for two years following their rotation, and provides that a former partner of the audit firm, or member of the audit team, may only be recruited into a position as a Director or senior employee of RCR after the expiry of at least two years.

The Non-Audit Services Guidelines contain a set of controls which address threats to the independence of the external auditor including, in particular, any threat which may arise by reason of self interest, self-review, advocacy, familiarity or intimidation (all terms defined by the IFAC's Code of Ethics). The Non-Audit Services Guidelines classify a range of non-audit services which are considered not acceptable for provision by the external auditor.

> A copy of the Non-Audit Services Guidelines is available in the corporate governance section of RCR's website.

Independence Declaration

The Company's External Auditor has provided the required independence declaration to the Board for the financial year ended 30 June 2014. The independence declaration forms part of the Directors' Report and is provided in this Annual Report.

Restrictions on the Performance of Non-Audit and Assurance-Related Services

The Board has considered the nature of the non-audit and assurance-related services provided by the external auditor during the year and has determined that the services provided, and the amount paid for those services, are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Details of fees paid (or payable) to the External Auditor for non-audit and assurance-related services provided to the Company in the year ended 30 June 2014 are set out in the Directors' Report.

Attendance of External Auditors at Annual General Meetings

The lead audit partner attends the Company's annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

7. Diversity

ASX CGC Recommendations 3.2, 3.3, 3.4 and 3.5

The Company recognises that a diverse workforce can be a reflection of the quality and skills of its people. To this end, the Company encourages diversity, including diversity by gender, race and geographical location.

The Company recognises that the source of our competitive advantage is its people with diverse cultures, backgrounds, skills and capability ensures this diversity enriches our breadth of knowledge, capability and experience. The Company is committed to offering valuable and sustainable employment for Indigenous people, increasing the number of Indigenous people through apprenticeships and traineeships and into roles providing genuine support to sustain long term careers.

The Company has established a Diversity Policy and is committed to ensuring that the Company builds a diverse workforce and improves the level of gender diversity at all levels of the Company.

> A copy of the Diversity Policy is available in the corporate governance section of RCR's website.

The Company's commitment to diversity is evidenced through:

- Promoting the awareness of, and continued commitment to, workplace diversity principles;
- Ensuring that all employees are valued, encouraged and provided with opportunities to develop to their full potential;
- Integration of workplace diversity principles into business and across human resources processes, procedures and systems;
- Establishing and reviewing measureable objectives for achieving diversity; and
- Promoting recruitment strategies that ensure we attract employees from a diverse pool of qualified candidates.

At 30 June 2014, the gender representation metrics were as follows:

- One of five Non-Executive Directors on the RCR Board are women (unchanged since 2008). Subsequent to the end of the reporting period RCR announced the appointment of a new Non-Executive Director, which will increase the number of females on the Board to two of six Non-Executive Directors;
- Two women hold Senior Executive Roles – being Corporate Counsel, Ms Kym Low and Corporate HR Manager, Ms Charmaine Higgins;
- 8% of Management and Supervisory roles are held by women;
- Women make-up approximately 13% of RCR's workforce;
- During the year the percentage of women across the organisation increased to 512 (June 13: 296) of the Company's workforce, which was in part due to the acquisition of the Infrastructure business. Females employed in Senior Managerial/Professional positions has increased by 110%. Females employed in non-managerial roles increased 67% during the year; and
- Female participation rates are typically higher in Company Service functions (such as Legal, HR, Finance, Project Support and Administration).

This representation reflects on the industry within which the Company operates.

Measurable Objectives 2014

Objective	Outcome
Annual pay audits and reviews across identified key roles within the business to ensure gender parity in pay levels	During the year commenced a review of gender parity in the Company's pay structure.
Promoting and ensuring the provision of suitable flexible working arrangements for employees returning from maternity or parental leave and the continuation of ongoing engagement with these employees during this period.	The Company has in place arrangements for employees returning from maternity or parental leave and subject to annual review or in accordance with Legislation.
Review of candidates from diverse backgrounds identified as high potential for succession planning	The Company has commenced planning to identify candidates and initiate an annual review program.

These objectives will be reviewed on an annual basis as will any progress made through the year.

Proportionally, a significant number of RCR's workforce are blue collar employees with qualifications in trades such as, boiler making, welding, fitters, machinists, mechanical fitters, electricians and trades assistants. The number of qualified female tradespersons in these areas is low across the industry, and this is representative of the gender balance of the Company's workforce and industry as a whole.

The Company currently supports the career ambitions of 285 apprentices and trainees across the business, who remain the foundation of our future skilled tradespeople.

The Company will report on progress on achieving these and future diversity objectives in its 2015 Annual Report.

ASX Corporate Governance Compliance Statement

Principle	ASX Corporate Governance Principles and Best Practice Recommendations	Reference	Compliance
1.0	Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	1.1, 1.2, 1.3	Comply
1.2	Companies should disclose the process for evaluating the performance of senior executives.	1.14	Comply
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1. • an explanation of any departures from any Principle 1 recommendation; • whether a performance evaluation for senior executives has taken place during the reporting period under the process disclosed; and • the Board Charter should be made publically available	1.1, 1.9, 1.14, Remuneration Report, Company Website	Comply
2.0	Structure the Board to add value		
2.1	A majority of the Board should be independent Directors.	1.3, 1.5	Comply
2.2	The chair should be an independent Director.	1.3, 1.4	Comply
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	1.3, 1.4	Comply
2.4	The Board should establish a Nomination Committee.	2.1, 2.3	Comply
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	1.9	Comply
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2. • the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report; • the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds; • the existence of any relationships in listed companies and commentary and an explanation of why the Board considers a director to be independent, notwithstanding the existence of that relationship; • a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company; • a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board; • the period of office held by each director in office at the date of the annual report; • the names of members of the nomination committee and their attendance at meetings of the committee; • whether a performance evaluation for the Board, Board committees and Directors has taken place in the reporting period under the process disclosed; and • an explanation from any departures from any Principle 2 recommendation. The following material should be made publically available: • a description of the procedure for the selection and appointment of new Directors to the Board and the re-election of incumbent directors; • the charter of the nomination committee; and • the nomination committee's policy for the nomination and the appointment of directors.	1.3, 1.5, 1.7, 1.9 1.11, 2.1, 2.3, Directors' Report, Company Website	Comply

Principle	ASX Corporate Governance Principles and Best Practice Recommendations	Reference	Compliance
3.0	Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	5.2	Comply
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 for the Board to assess annually both the objectives and progress in achieving them.	7	Comply
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.	7	Comply
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	7	Comply
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3. The following material should be made publicly available: • any applicable code of conduct or a summary; and • the diversity policy or a summary of its main provisions.	5.1, 5.2, 7, Company Website	Comply
4.0	Safeguard integrity in financial reporting		
4.1	The Board should establish an Audit Committee.	2.1	Comply
4.2	The Audit Committee should be structured so that it: • consists only of Non-Executive Directors; • consists of a majority of independent Directors; • is chaired by an independent chair, who is not chair of the Board; and • has at least three members.	2.1, 2.2	Comply
4.3	The Audit Committee should have a formal charter.	2.2, Company Website	Comply
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4 as follows: • details of the names and qualifications of those appointed to the audit committee and their attendance at committee meetings; • the number of meetings of an audit committee; and • an explanation of any departures from any Principle 4 recommendation. The following material should be available publically: • the audit committee charter; and • information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement parties.	2.1, 6.1 Directors' Report, Company Website	Comply
5.0	Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance and ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	4.1	Comply
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5 as follows: • an explanation of any departures from any Principle 5 recommendation. The following material should be made publically available: • a summary of the policies and procedures designed to guide compliance with Listing Rule disclosure requirements.	4.1, 4.2, Company Website	Comply

Principle	ASX Corporate Governance Principles and Best Practice Recommendations	Reference	Compliance
6.0	Respect the rights of shareholders		
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 of that policy.	4.2	Comply
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6 as follows: • an explanation of any departures from any Principle 6 recommendations. • the company should describe how it will communicate with its shareholders publicly, ideally by posting the information on the company's website in a clearly marked corporate governance section.	4.2, Company Website	Comply
7.0	Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	3.1, 3.2, 3.3, 3.4 Directors' Report	Comply
7.2	The Board should require management to design and implement the risk management and internal control systems 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.	3.1	Comply
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 respects in relation to financial reporting risks.	3.3	Comply
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7 as follows: • explanation of any departures from any Principle 7 recommendations; • whether the Board has received the report from management under Recommendation 7.2; and • whether the Board has received assurance from the Chief Executive Officer and the Chief Financial Officer under Recommendation 7.3. The following material should be made publicly available: • a summary of the company's policies on risk oversight and management of material business risks.	3.1, 3.2, 3.3, 3.4 Directors' Report, Company Website	Comply
8.0	Remunerate fairly and responsibly		
8.1	The Board should establish a Remuneration Committee.	2.1, 2.3	Comply
8.2	The Remuneration Committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members.	2.1, 2.3	Comply
8.3	Companies should clearly distinguish the structure of Non-Executive Director's remuneration from that of executive directors and senior executives.	1.10 Remuneration Report	Comply
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8 as follows: • the names of the members of the remuneration committee and their attendance at meetings of the committee; • the existence and terms of any schemes for retirement benefits, other than statutory superannuation, for Non-Executive Directors; and • an explanation of any departures from any Principle 8 recommendation. The following material should be made publicly available: • the charter of the remuneration committee; and • a summary of the company's policy on prohibiting entering into transactions in associated products	2.1, 2.3, 5.3, Directors' Report Company Website	Comply

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The Board of Directors
RCR Tomlinson Limited
Level 6, 251 St Georges Terrace
PERTH WA 6000

20 August 2014

Dear Board Members

RCR Tomlinson Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of RCR Tomlinson Limited.

As lead audit partner for the audit of the financial statements of RCR Tomlinson Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants

FINANCIAL STATEMENTS 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ending 30 June 2014

	Note	2014 $'000	2013 $'000
Sales Revenue	5	1,300,452	875,207
Cost of Sales	6(a)	(1,181,170)	(795,558)
Gross Profit		119,282	79,649
Other Income	5	3,269	3,425
Administrative Expenses	6(b)	(57,626)	(32,196)
Finance Costs	6(c)	(7,061)	(1)
Transaction Costs Associated with Norfolk Acquisition	35	(3,993)	(1,598)
Other Expenses		(2,753)	(3,129)
		(68,164)	(33,499)
Profit Before Income Tax for the Year		51,118	46,150
Income Tax Expense	7	(7,816)	(8,826)
Profit After Income Tax for the Year		43,302	37,324
Items that may be reclassified subsequently to profit or loss:			
Exchange Difference on Translation of Foreign Operations	26(b)	2,369	420
Gain on Foreign Exchange Contracts Entered into for Cash Flow Hedges	26(c)	14	337
(Loss) on Interest Rate Swap Contracts Entered into for Borrowing Hedges	37(a)	(328)	-
Other Comprehensive Income for the Year, net of Income Tax		2,055	757
Total Comprehensive Income for the Year		45,357	38,081
Earnings per Share:			
Basic Earnings per Share (cents per share)	8	31.89	28.27
Diluted Earnings per Share (cents per share)	8	30.33	27.93

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	2014 $'000	2013 $'000
CURRENT ASSETS			
Cash and Cash Equivalents	9	42,594	85,581
Loans Advanced to Other Parties	10	-	10,250
Trade and Other Receivables	11	226,434	146,200
Inventories	13	20,229	18,864
Non-Current Assets Held for Sale	12	1,766	-
Current Tax Assets	24(a)	2,899	-
Other Current Assets	14(a)	5,834	3,754
TOTAL CURRENT ASSETS		299,756	264,649
NON-CURRENT ASSETS			
Property, Plant and Equipment	16	74,821	73,913
Deferred Tax Assets	24(c)	58,696	11,467
Goodwill	17	117,575	52,643
Other Intangible Assets	17	86,798	23,367
Other Non-Current Assets	14(b)	2	2
TOTAL NON-CURRENT ASSETS		337,892	161,392
TOTAL ASSETS		637,648	426,041
CURRENT LIABILITIES			
Trade and Other Payables	19	134,803	94,144
Lease Liabilities	23	257	-
Borrowings	22	20,233	-
Current Tax Liabilities	24(b)	-	17,169
Provisions	20	68,729	48,692
Deferred Revenue	21	41,255	11,273
TOTAL CURRENT LIABILITIES		265,277	171,278
NON-CURRENT LIABILITIES			
Lease Liabilities	23	50	-
Borrowings	22	79,292	-
Provisions	20	3,894	2,055
TOTAL NON-CURRENT LIABILITIES		83,236	2,055
TOTAL LIABILITIES		348,513	173,333
NET ASSETS		289,135	252,708
EQUITY			
Issued Capital	25	128,430	114,284
Reserves	26	(5,730)	3,392
Retained Earnings		166,435	135,032
TOTAL EQUITY		289,135	252,708

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ending 30 June 2014

	Note	Issued Capital $'000	Equity-Settled Employee Benefits Reserve $'000	Foreign Currency Translation Reserve $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
BALANCE AT 1 JULY 2012		114,675	3,967	(1,194)	(578)	106,655	223,525
Profit for the Year		-	-	-	-	37,324	37,324
Other Comprehensive Income		-	-	420	337	-	757
Total Comprehensive Income for the Year		-	-	420	337	37,324	38,081
Shares Issued		490	-	-	-	-	490
Share Buy-Back		(1,712)	-	-	-	-	(1,712)
Share Buy-Back Costs		(17)	-	-	-	-	(17)
Acquisition of Treasury Shares – On Market		(1,428)	-	-	-	-	(1,428)
Issue of Treasury Shares to Employees	26(a)	2,276	(2,276)	-	-	-	-
Share Based Payments	26(a)	-	2,851	-	-	-	2,851
Tax Effect Relating to Share Based Payments	26(a)	-	(135)	-	-	-	(135)
Dividends Paid	27	-	-	-	-	(8,947)	(8,947)
BALANCE AT 30 JUNE 2013		114,284	4,407	(774)	(241)	135,032	252,708
Balance at 1 July 2013		114,284	4,407	(774)	(241)	135,032	252,708
Profit for the Year		-	-	-	-	43,302	43,302
Other Comprehensive Income		-	-	2,369	(314)	-	2,055
Total Comprehensive Income for the Year		-	-	2,369	(314)	43,302	45,357
Issue of Treasury Shares to Employees	26(a)	14,150	(14,018)	-	-	-	132
Share Based Payments	26(a)	-	2,352	-	-	-	2,352
Share Issue Costs	25(a)	(4)	-	-	-	-	(4)
Tax Effect Relating to Share Based Payments	26(a)	-	489	-	-	-	489
Dividends Paid	27	-	-	-	-	(11,899)	(11,899)
BALANCE AT 30 JUNE 2014		128,430	(6,770)	1,595	(555)	166,435	289,135

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ending 30 June 2014

	Note	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		1,471,849	881,941
Payments to Suppliers and Employees		(1,432,970)	(809,128)
Cash Generated From Operations		38,879	72,813
Income Tax Paid		(19,937)	(2,654)
Other Income		1,208	361
Finance Costs		(5,703)	(1)
Net Cash Generated by Operating Activities	29(a)	14,447	70,519
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received		405	2,325
Proceeds from Sale of Property, Plant and Equipment		1,910	397
Purchase of Property, Plant and Equipment		(10,739)	(11,503)
Payment for Subsidiary and Other Businesses, Net of Cash Acquired	35(c)	(64,572)	-
Net Cash Used In Investing Activities		(72,996)	(8,781)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Issue of Shares	25(a)	-	490
Payment For Buy-Back Of Shares	25(a)	-	(1,712)
Payment for Share Buy-Back Costs	25(a)	-	(17)
Payment for Shares Acquired by the RCR Employee Share Trust	25(b)	-	(1,428)
Proceeds from Repayment/(Loans Advanced) to Related Parties		10,250	(10,250)
Proceeds from Borrowings		110,000	-
Repayment of Borrowings		(92,688)	-
Repayment of Lease Liabilities		(694)	-
Dividends Paid	27	(11,899)	(8,947)
Net Cash Generated/(Used) in Financing Activities		14,969	(21,864)
Net (Decrease)/Increase in Cash and Cash Equivalents		(43,580)	39,874
Cash and Cash Equivalents at the Beginning of the Year		85,581	45,165
Effects of exchange rate changes on balance of cash held in foreign currencies		593	542
Cash and Cash Equivalents at the End of the Year	9	42,594	85,581

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

30 June 2014

Note 1. General Information

RCR Tomlinson Ltd ("RCR" or "the Company") is a limited company incorporated in Australia. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries ("The Group") are described in the Directors' Report.

Note 2. Application of New and Revised Accounting Standards

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the presentation and disclosure in these financial statements.

(a) Standards Affecting Presentation and Disclosure:

AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures' As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. In the current year the individual key management personnel disclosure previously required by AASB 124 (note 29 in the 30 June 2013 financial statements) is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures –Offsetting Financial Assets and Financial Liabilities'	The Group has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the consolidated financial statements.
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009- 2011 Cycle'	The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASBs. The amendments that are relevant to the Group are the amendments to AASB 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) An entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) The retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position. The application of amendments does not have any material impact on the consolidated financial statements.
AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)	This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors. As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.
AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039'	This standard makes amendment to AASB 1048 'Interpretation of Standards' following the withdrawal of Australian Interpretation 1039 'Substantive Enactment of Major Tax Bills in Australia'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

Note 2. Application of New and Revised Accounting Standards (continued)

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a. it has power over an investee, b. it is exposed, or has rights, to variable returns from its involvement with the investee, and c. has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee. Some guidance included in AASB 10 that deals with whether or not an investor that owns less than 50 per cent of the voting rights in an investee has control over the investee is relevant to the Group.
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes). AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements. AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period. Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

Note 2. Application of New and Revised Accounting Standards (continued)

(b) Standards and Interpretations Affecting the Reported Results or Financial Position

There are no new or revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

(c) New Standards and Interpretations in Issue Not Yet Adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-1 'Amendments to Australian Accounting Standards' Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)', and Part C: 'Materiality'	1 July 2014	30 June 2015
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non- Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016	30 June 2017
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	30 June 2017
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018

Note 3. Significant Accounting Policies

Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the directors on 20 August 2014.

Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

(a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(b) Segment Reporting

An operating segment is a component of an entity 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 entity'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 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.

The consolidated entity aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services;
- Nature of the production process;
- Type of class of customers for the products and services; and
- Nature of the regulatory environment.

Note 3. Significant Accounting Policies (continued)

(c) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in profit and loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

RCR and its wholly-owned Australian subsidiaries have formed an income tax consolidated group (“the Group”) under the tax consolidation regime. Each entity in the Group recognises its own current and deferred tax liabilities, except for any deferred tax balances resulting from unused tax losses and tax credits which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2003. The Group has entered into a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the Group.

Entities within the tax-consolidated group have entered into a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, RCR and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member’s liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(e) Construction Contracts and Work In Progress

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period. Measurement is based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Construction work in progress is valued at cost. 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 immediately as an expense. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Where contract costs incurred to date, plus recognised profits, less recognised losses, exceed progress billings, the surplus is shown as amounts due from customers for contract work. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position under deferred revenues.

Note 3. Significant Accounting Policies (continued)

(f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property

Land and buildings within property, plant and equipment are measured under the cost model, as allowed by AASB 116 Property, Plant and Equipment. Freehold land is not depreciated.

Plant and Equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% - 4.0%
Plant and equipment	5.0% - 40.0%
Leased plant and equipment	5.0% - 40.0%
Leasehold Improvements are depreciated over the life of the applicable lease.	

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit and loss.

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

(g) Non-Current Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Depreciation ceases when a non-current asset is classified as held for sale.

Note 3. Significant Accounting Policies (continued)

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense in profit and loss 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 a reduction of the liability.

(i) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial Assets at Fair Value Through Profit and Loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains or losses arising from changes in the fair value of these assets are included in profit and loss in the period in which they arise.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit and loss.

Note 3. Significant Accounting Policies (continued)

(j) Derivative Financial Instruments

The consolidated entity enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. These derivative financial instruments are initially recognised at fair value at the date the contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

(k) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the assets' carrying value over its recoverable amount is expensed to profit and loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Intangibles

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Brand names

Brand names recognised by the company have an indefinite useful life and are not amortised. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy stated in Note 3(k).

Customer Relationships and Order Book

Customer Relationships and Order Book are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Customer Relationships and Order Book have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. They are amortised over their useful life ranging from 5 to 20 years.

Technology

Technology is recognised at cost of acquisition. Technology has a finite life and is carried at cost less any accumulated amortisation and any impairment losses. Technology is amortised over its useful life ranging from 4 to 10 years.

Patents and Trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 2 to 20 years.

Note 3. Significant Accounting Policies (continued)

(m) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the entities in the consolidated entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian Dollars which is the parent entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit and loss except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in profit and loss.

Foreign Operations

The financial transactions of foreign operations whose functional currency is different from the presentation currency are translated at the exchange rates prevailing at the date of the transaction. At the end of the reporting period, assets and liabilities are retranslated at the rates prevailing at that date. Income and expenses are retranslated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit and loss in the period in which the operation is disposed.

(n) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, sick leave and site leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(o) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

Provision is made in respect of the consolidated entity's estimated liability on all products and services under warranty at balance date. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to the consolidated entity's history of warranty claims.

Provision for Loss on Long-Term Contracts

Where it is probable that a loss will arise on a long-term contract, the excess of total expected contract costs over total contract revenue is recognised as an expense immediately and a provision is raised.

(p) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Note 3. Significant Accounting Policies (continued)

(q) Revenue

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably..

Service Contracts

Revenue from the rendering of a service is recognised upon the delivery of the service to customers. Revenue for preventative maintenance contracts is recognised progressively over the contract term.

Construction Contracts

Revenue and costs on construction contracts are recognised by reference to the stage of completion of the contract activity at the end of the reporting period. Measurement is based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Interest Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other Revenue

Other revenue is recognised when it is received, or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax.

(r) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable fees, premiums paid and transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur.

(s) Trade Receivables

Trade receivables are recognised initially at fair value and reduced through the use of a provision for doubtful debts with the amount of the loss recognised in profit and loss.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off against the provision account. A provision for doubtful receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision 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 amount of the provision is recognised in profit and loss.

Note 3. Significant Accounting Policies (continued)

(t) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the consolidated entity shall recognise, subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to profit and loss. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured at each reporting period to fair value through profit and loss unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to profit and loss.

(u) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition or to agreed terms.

(v) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of The Company as treasury shares until the shares are cancelled or reissued.

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

(w) Employee Share Trust

The Company has established an Employee Share Trust ("the trust") to administer the Company's allocation of shares related to performance rights and options to Executives and employees. This trust forms part of the consolidated entity. Shares acquired on-market by the trust, which are yet to vest, are disclosed as treasury shares and deducted from contributed equity.

(x) Dividends

A 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 balance date.

Note 3. Significant Accounting Policies (continued)

(y) Earnings per Share

Basic Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted Earnings per Share

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares and convertible options outstanding for the effects of all dilutive potential ordinary shares.

(z) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

The cost of equity settled transactions are recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired, and the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised for the period.

No cumulative expense is recognised for awards that ultimately do not vest (in respect of non-market vesting conditions).

(aa) Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

- When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

RCR Tomlinson Ltd's has joint arrangements with Laing O'Rourke Pty Ltd and Coleman Rail Pty Ltd on the Yandi and Coleman Rail projects respectively.

(bb) Share-Based Payment Transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the consolidated entity revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

Note 3. Significant Accounting Policies (continued)

The Employee Share Option Plan and Performance Incentive Plan is administered by the RCR Employee Share Trust. When the options are exercise, or performance rights vest, the trust transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

Shares acquired on-market by the trust, which are yet to vest, are disclosed as treasury shares and deducted from contributed equity.

(cc) Investment in Associates

An associate is an entity over which the consolidated entity has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

(dd) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(ee) Rounding of Amounts

The consolidated entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and Director's report have been rounded off to the nearest $1,000.

Note 4. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Key Estimates and Judgements

Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Refer to Note 17.

Construction Contracts

When accounting for construction contracts, the contracts are either combined or segregated if this is deemed necessary to reflect the substance of the agreement. Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of fees earned during the financial year.

Provision for Loss on Long-Term Contracts

The consolidated entity has estimated the expected loss from onerous contracts. This estimation has been based upon management's judgement which has been based upon the most up-to-date information at the date of this financial report.

Taxation

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are to be recognised on the statement of financial position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustments, resulting in corresponding credit or charge to profit and loss.

Note 4. Critical Accounting Estimates and Judgments (continued)

Long Service Leave

The liability for long service leave is recognised 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. 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 currencies that match, as closely as possible, the estimated future cash outflows.

Share-Based Payments

The Company provides benefits to employees (including senior executives) of the consolidated entity in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The Company does not provide cash settled share based payments.

The cost of equity settled transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to the market price of the Company's shares on the Australian Securities Exchange.

Note 5. Revenue

	Note	2014 $'000	2013 $'000
Operating Activities:			
Revenue from Construction Contracts, Rendering of Services and Sale of Goods		1,300,452	875,207
Non-Operating Activities:			
Net Gain on Disposal of Property, Plant and Equipment		1,097	220
Interest Received		405	2,325
Rental Revenue		4	83
Other		1,763	797
Total Other Income		3,269	3,425

Note 6. Profit For The Year

	Note	2014 $'000	2013 $'000
(a) Cost of Sales			
Employee Benefits Expense		677,418	428,275
Materials and Third Party Costs Charged to Projects		443,994	303,598
Depreciation of Property, Plant and Equipment	16	9,613	5,987
Operating Lease Payments		34,342	16,316
Other		15,803	41,382
Total Cost of Sales		1,181,170	795,558
(b) Administrative Expenses			
Employee Benefits Expense		27,636	13,331
Depreciation of Property, Plant and Equipment	16	5,084	4,979
Amortisation of Intangible Assets	17(a)	7,150	3,854
Operating Lease Payments		2,257	1,210
Other		15,499	8,822
Total Administrative Expenses		57,626	32,196
(c) Finance Costs			
Interest on Bank Overdrafts and Loans		7,002	1
Interest on Obligations Under Finance Leases		59	-
Total Finance Costs		7,061	1

Note 7. Income Tax Expense

	Note	2014 $'000	2013 $'000
(a) The Components of Tax Comprise:			
Current Income Tax			
Current Tax Expense in Respect of the Current Year		1,550	16,964
Adjustments Recognised in the Current Year in Relation to the Current Tax of Prior Years		(5,574)	(470)
Deferred Income Tax			
Deferred Tax Expense Recognised in the Current Year	24(i)	14,508	1,879
Adjustments Recognised in the Current Year in Relation to the Deferred Tax of Prior Years	24(i)	(2,668)	(9,547)
Tax Expense		7,816	8,826
(b) The Prima Facie Tax on Profit Before Income Tax is reconciled to the Income Tax as follows:			
Prima Facie Tax Payable on Profit Before Income Tax at 30% (FY13: 30%)		15,335	13,845
Tax effect of:			
Non-Deductible Amortisation		625	742
Other Non-Allowable Items		1,158	277
Overseas Tax Differences		440	(196)
Adjustments Recognised in the Current Year in Relation to the Current and Deferred Tax of Prior Periods		(89)	1,008
Research and Development Expenses		(9,653)	(6,850)
Income Tax Expense Attributable to Entity		7,816	8,826
The applicable effective tax rate are as follows:		15.3%	19.1%

Note 8. Earnings Per Share

	2014 Cents Per Share	2013 Cents Per Share
Basic Earnings per Share from Continuing Operations	31.89	28.27
Diluted Earnings per Share from Continuing Operations	30.33	27.93

(a) Reconciliation of Earnings to Profit or Loss	2014 $'000	2013 $'000
Profit for the Year After Tax	43,302	37,324
Earnings Used to Calculate Basic and Dilutive EPS	43,302	37,324

(b) Weighted Average Number of Ordinary Shares in Calculating Basic and Diluted EPS		
Weighted Average Number of Ordinary Shares Used in the Calculation of Basic EPS	135,770	132,044
Shares Deemed to be Issued in Respect of Employee Options and Performance Rights	6,983	1,576
Weighted Average Number of Ordinary Shares Used in the Calculation of Diluted EPS	142,753	133,620

The calculation of the number of ordinary shares used in the computation of basic earnings per share is the aggregate of the weighted average number of shares outstanding during the period after deduction of the weighted average number of shares by the Trust.

For the purposes of calculating diluted earnings per share, the effect of dilutive stock options are added to the weighted average number of shares outstanding.

Note 9. Cash And Cash Equivalents

	Note	2014 $'000	2013 $'000
Current			
Cash at Bank and In Hand		42,594	85,581
Total Cash and Cash Equivalents		42,594	85,581

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position in Note 29(a).

Note 10. Loans Advanced to Other Parties

		2014 $'000	2013 $'000
Loan To Norfolk Group Limited		-	10,250

The loan to Norfolk Group Limited was repaid on 9 August 2013, on completion of the acquisition. Please refer to Note 35 for acquisition details.

Note 11. Trade and Other Receivables

	Note	2014 $'000	2013 $'000
Current			
Trade Receivables		153,560	102,878
Provision for Impairment of Receivables		(3,628)	(1,048)
Net Trade Receivables		149,932	101,830
Amounts Due from Customers Under Construction Contracts	18	76,502	44,370
Total Trade Receivables		226,434	146,200

Trade receivables are generally on 30-60 day terms from the end of the month. With respect to trade receivables that are neither impaired nor past due, there are no indications as at the reporting date that the debtors will not meet their payment obligations. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The consolidated entity does not hold any collateral as security.

(a) Trade Receivables that are Past Due but Not Impaired

	2014 $'000	2013 $'000
61-90 Days	4,638	1,672
91 Days Plus	5,206	2,065
Total	9,844	3,737

(b) Movement in the Provisions for Impairment of Receivables

	2014 $'000	2013 $'000
Opening Balance	1,048	717
Provision Recognised on Business Combination	3,058	-
Provision Recognised on Receivables During the Year	1,525	541
Receivables Written Off During the Year as Uncollectible	(2,003)	(210)
Closing Balance	3,628	1,048

	2014 $'000	2013 $'000
The ageing analysis of impaired trade receivables is as follows:		
91 days plus	3,162	1,048

(c) Provision for Loss on Joint Operations

At 30 June 2014 and 30 June 2013, a single customer represented the majority of trade receivables past 91 days that were due. This amount was not included in the provision for impairment of receivables as it was fully provided for in other provisions. Refer to Note 20(a)(ii) other provisions for additional information.

Notes to the Financial Statements

30 June 2014

Note 12. Non-Current Assets Held For Sale

	Note	2014 $'000	2013 $'000
Freehold Land, Property, Plant and Equipment	16(a)	1,766	-
Total Non-Current Assets Held for Sale		1,766	-

The Group has decided to put on the market an owned property and associated plant and equipment. No impairment loss was recognised on reclassification of the land, buildings, plant and equipment, as the Directors of the Company expect that the fair value estimates (based on recent market prices of similar locations) less costs to sell is higher than the carrying amount.

Note 13. Inventories

	2014 $'000	2013 $'000
Raw Materials	11,395	11,896
Finished Goods	8,834	6,968
Total Inventories	20,229	18,864

Inventories are measured at the lower of cost and net realisable value.

Note 14. Other Assets

	2014 $'000	2013 $'000
(a) Current		
Prepayments	3,321	2,105
Other	2,513	1,649
Total Other Current Assets	5,834	3,754
(b) Non-Current		
Other	2	2
Total Other Non-Current Assets	2	2

Note 15. Controlled Entities

(a) Controlled Entities Consolidated

Details of the consolidated entity's subsidiaries at the end of the reporting period are as follows:

	Note	Country of Incorporation	Percentage Owned (%) 2014	Percentage Owned (%) 2013
Parent Entity:				
RCR Tomlinson Ltd	15(b)	Australia	100	100
Subsidiaries of the Closed Group who are Parties to the Deed of Cross Guarantee:				
RCR Tomlinson (Custodian) Pty Ltd (Trustee of Group)	15(b)	Australia	100	100
RCR Corporate Pty Ltd	15(b)	Australia	100	100
RCR Resources Pty Ltd	15(b)	Australia	100	100
RCR Mining Pty Ltd	15(b)	Australia	100	100
RCR Resources (Eagle) Pty Ltd	15(b)	Australia	100	100
RCR Resources (Tripower) Pty Ltd	15(b)	Australia	100	100
RCR Energy Pty Ltd	15(b)	Australia	100	100
RCR Energy Service Pty Ltd	15(b)	Australia	100	100
RCR Energy Limited	15(b)	New Zealand	100	100
Positron Group Pty Ltd	15(b)	Australia	100	100
RCR Power Pty Ltd	15(b)	Australia	100	100
RCR Infrastructure Pty Ltd	15(b)	Australia	100	100
RCR Infrastructure Group (XNFK) Pty Ltd	15(b)	Australia	100	-
RCR O'Donnell Griffin Pty Ltd	15(b)	Australia	100	-
RCR Haden Pty Ltd	15(b)	Australia	100	-

Note 15. Controlled Entities (continued)

	Note	Country of Incorporation	Percentage Owned (%) 2014	2013
RCR Infrastructure (Corporate) Pty Ltd	15(b)	Australia	100	-
RCR Infrastructure (Holdings) Pty Ltd	15(b)	Australia	100	-
RCR O'Donnell Griffin (Holdings) Pty Ltd	15(b)	Australia	100	-
RCR O'Donnell Griffin (Projects) Pty Ltd	15(b)	Australia	100	-
RCR Haden (Holdings) Pty Ltd	15(b)	Australia	100	-
RCR Resolve FM (Holdings) Pty Ltd	15(b)	Australia	100	-
RCR Infrastructure (New Zealand) Limited	15(b)	New Zealand	100	-
RCR Building Products (New Zealand) Limited	15(b)	New Zealand	100	-
Other Subsidiaries of RCR Tomlinson Ltd:				
RCR Laser Pty Ltd		Australia	100	100
Applied Laser Pty Ltd		Australia	100	100
RCR Asia Sdn Bhd		Malaysia	100	100
RCR Energy (Stelform) Pty Ltd		Australia	100	100
RCR Energy (Stelform VRBT) Pty Ltd		Australia	100	100
Stelform Piping Systems Pty Ltd		Australia	100	100
Sartap Pty Ltd		Australia	100	100
RCR Resources (Heat Treatment) Pty Ltd		Australia	100	100
Positron Power Pty Ltd		Australia	100	100
RCR Mining (Spliceline) Pty Ltd		Australia	100	100
RCR Building Products (Holdings) Pty Ltd		Australia	100	-
RCR (Hong Kong) Limited		Hong Kong	100	-
RCR Infrastructure (Hong Kong) Limited		Hong Kong	100	-
RCR O'Donnell Griffin (Hong Kong) Limited		Hong Kong	100	-
RCR International (Holdings) Limited		Hong Kong	100	-
Norfolk Mechanical (India) Private Ltd		India	100	-
RCR Technical Infrastructure (Vietnam) Co Ltd		Vietnam	100	-
RCR Ductclean Australia Pty Ltd		Australia	100	-
ACN 076 421 755 Pty Ltd		Australia	100	-
RCR O'Donnell Griffin (Asia) Pty Ltd		Australia	100	-
RCR Trafalgar Building Products Pty Ltd		Australia	100	-
RCR Building Services (Egan Bros) Pty Ltd		Australia	100	-
RCR Resolve FM (Engineering) Pty Ltd		Australia	100	-
RCR Rel Corp Management Services Pty Ltd		Australia	100	-
Controlled Trusts				
RCR Employee Share Trust		Australia	100	100

(b) Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 22 June 2011, the wholly-owned subsidiaries listed above as parties to the Deed of Cross Guarantee are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and directors' reports. By deed of assumption dated 20 February 2014 and 10 April 2014, certain RCR Infrastructure (previously Norfolk) entities joined RCR's existing Deed of Cross Guarantee.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee.

The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up. RCR Tomlinson (Custodian) Pty Ltd acts as the trustee for the closed group who are parties to the Class Order.

The consolidated statement of profit or loss and other comprehensive income and statement of financial position of the Company and controlled entities party to the Deed of Cross Guarantee are:

Note 15. Controlled Entities (continued)

Statement of Profit or Loss and Comprehensive Income	2014 $'000	2013 $'000
Sales Revenue	1,252,790	821,637
Cost of Sales	(1,004,810)	(672,407)
Gross Profit	247,980	149,230
Other Income	771	2,502
Expenses	(192,968)	(108,932)
Finance Costs	(6,449)	-
Profit Before Income Tax for the Year	49,334	42,800
Income Tax Expense	(7,765)	(8,826)
Profit After Income Tax for the Year	41,569	33,974
Other Comprehensive Gain/(Loss) for the Year, Net of Income Tax	1,894	(590)
Total Comprehensive Income for the Year	43,463	33,384

Statement of Financial Position		
CURRENT ASSETS		
Cash and Cash Equivalents	37,525	77,439
Loans Advanced to Other Parties	-	10,250
Trade and Other Receivables	263,582	138,279
Inventories	19,064	16,714
Non-Current Assets Held for Sale	1,766	-
Current Tax Assets	2,733	-
Other Current Assets	5,613	3,507
TOTAL CURRENT ASSETS	330,283	246,189
NON-CURRENT ASSETS		
Property, Plant and Equipment	67,858	66,553
Deferred Tax Assets	58,259	11,465
Goodwill	107,159	38,595
Other Intangible Assets	84,504	20,453
TOTAL NON-CURRENT ASSETS	317,780	137,066
TOTAL ASSETS	648,063	383,255
CURRENT LIABILITIES		
Trade and Other Payables	128,552	95,767
Lease Liabilities	257	-
Borrowings	20,233	-
Current Tax Liabilities	-	17,169
Provisions	69,183	47,354
Deferred Revenue	41,421	11,273
TOTAL CURRENT LIABILITIES	259,646	171,563
NON-CURRENT LIABILITIES		
Lease Liabilities	50	-
Borrowings	79,292	-
Provisions	3,499	1,685
Other	347	545
TOTAL NON-CURRENT LIABILITIES	83,188	2,230
TOTAL LIABILITIES	342,834	173,793
NET ASSETS	305,229	209,462
EQUITY		
Issued Capital	128,610	113,311
Reserves	(5,465)	3,817
Retained Earnings	182,084	92,334
TOTAL EQUITY	305,229	209,462

Note 16. Property, Plant and Equipment

	2014 $'000	2013 $'000
Freehold Land		
At Cost	7,683	8,242
Carrying Value of Land	7,683	8,242
Buildings		
At Cost	28,005	21,837
Accumulated Depreciation	(9,809)	(4,379)
Carrying Value of Buildings	18,196	17,458
Carrying Value of Land and Buildings	25,879	25,700
Plant and Equipment		
At Cost	150,113	122,814
Accumulated Depreciation	(101,171)	(74,601)
Carrying Value of Plant and Equipment	48,942	48,213
Carrying Value of Property, Plant and Equipment	74,821	73,913

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

	Note	Freehold Land $'000	Buildings $'000	Plant and Equipment $'000	Total $'000
Balance at 1 July 2012		8,242	15,430	49,528	73,200
Additions		-	2,895	8,877	11,772
Disposals		-	-	(244)	(244)
Depreciation Expense		-	(867)	(10,099)	(10,966)
Foreign Currency Exchange		-	-	151	151
Balance at 30 June 2013		8,242	17,458	48,213	73,913
Balance at 1 July 2013		8,242	17,458	48,213	73,913
Assets Recognised on Business Combination	35(a)	-	1,740	4,330	6,070
Additions		-	1,795	10,061	11,856
Reclassified to Assets Held for Sale	12	(559)	(812)	(395)	(1,766)
Disposals		-	(85)	(728)	(813)
Transfers		-	(147)	147	-
Depreciation Expense		-	(1,766)	(12,931)	(14,697)
Foreign Currency Exchange		-	13	245	258
Balance at 30 June 2014		7,683	18,196	48,942	74,821

Note 17. Goodwill and Other Intangibles

	Note	2014 $'000	2013 $'000
Goodwill			
At Cost		52,643	52,643
Additional Amounts Recognised From Business Combinations	35(b)	64,932	-
Accumulated Impairment Expense		-	-
Goodwill Carrying Value		117,575	52,643
Brands			
At Cost (Recognised from Business Combinations)	35(a)	44,557	-
Accumulated Impairment Expense		-	-
Brands Book Carrying Value		44,557	-
Customer Relationships and Order Book			
At Cost (Recognised from Business Combinations)	35(a)	26,048	-
Accumulated Amortisation		(3,358)	-
Customer Relationships and Order Book Carrying Value		22,690	-
Technology			
At Cost		28,477	28,437
Accumulated Amortisation		(15,465)	(13,019)
Technology Carrying Value		13,012	15,418
Patents and Other Rights			
At Cost		17,567	17,577
Accumulated Amortisation		(11,028)	(9,631)
Patents and Other Rights Carrying Value		6,539	7,946
Development Costs			
At Cost		1,135	1,131
Accumulated Amortisation		(1,135)	(1,128)
Development Costs Carrying Value		-	3
Other Intangibles Carrying Value		86,798	23,367
Carrying Value of Goodwill and Intangibles		204,373	76,010

(a) Movements in Carrying Amounts

	Goodwill $'000	Brands $'000	Customer Relationships & Order Book $'000	Technology $'000	Patents & Other Rights $'000	Development Costs $'000	Total $'000
Balance at 1 July 2012	52,643	-	-	17,854	9,354	8	79,859
Amortisation Expense	-	-	-	(2,460)	(1,391)	(3)	(3,854)
Foreign Currency Exchange	-	-	-	24	(17)	(2)	5
Balance at 30 June 2013	52,643	-	-	15,418	7,946	3	76,010
Balance at 1 July 2013	52,643	-	-	15,418	7,946	3	76,010
Recognised From Business Combinations	64,932	44,557	26,048	-	-	-	135,537
Amortisation Expense	-	-	(3,358)	(2,391)	(1,398)	(3)	(7,150)
Foreign Currency Exchange	-	-	-	(15)	(9)	-	(24)
Balance at 30 June 2014	117,575	44,557	22,690	13,012	6,539	-	204,373

Note 17. Goodwill and Other Intangibles (continued)

(b) Allocation of Goodwill to Cash Generating Units

Goodwill is allocated to the Company's cash generating units identified according to operating segment. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment. The carrying amount of goodwill was allocated to cash generating units as follows:

	Note	2014 $'000	2013 $'000
RCR Infrastructure		88,188	23,256
RCR Resources		10,694	10,694
RCR Energy		18,693	18,693
Goodwill Carrying Value		117,575	52,643

(c) Impairment Test for Goodwill

The recoverable amount of the goodwill in each cash generating unit is based on value in use calculations. These calculations use cash flow projections based on the following year's budget and increased for growth at 2.5% for the forecast period being 5 years. Any reasonable changes on the key assumptions on which the recoverable amount is based, would not cause the cash generating units carrying amount to exceed its recoverable amount.

The key assumptions used in the value in use calculations as at 30 June 2014 and 30 June 2013 were as follows:

- Growth rate used to extrapolate cash flows beyond the forecast period: 2.5% (2013: 2.5%)
- Pre-tax discount rate: 20.39% (2013: 23.10%)
- Divisional revenue, EBIT, working capital adjustments and maintenance capital expenditure.

(d) Impairment Test for Other Intangibles

Other intangibles including technology, patents & other rights and development costs are allocated to Cash Generating Units where relevant and included in the value in use calculations using the assumptions outlined in 17(c) above.

Note 18. Amounts Due From Customers Under Construction Contracts

Contract Costs Incurred and Profits Recognised		1,287,887	914,855
Progress Billings		(1,252,640)	(881,758)
Amounts Due From Customers Under Construction Contracts		35,247	33,097
Recognised and included in the consolidated financial statements as amount due:			
From Customers Under Construction Contracts - Included in Trade and Other Receivables	11	76,502	44,370
To Customers Under Construction Contracts - Deferred Revenue	21	(41,255)	(11,273)
Amounts Due From Customers Under Construction Contracts		35,247	33,097

Note 19. Trade And Other Payables

Trade Payables	74,051	42,576
Accrued Expenses	53,994	46,923
Sundry Payables	6,758	4,645
Total Trade and Other Payables	134,803	94,144

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Notes to the Financial Statements

30 June 2014

Note 20. Provisions

	Note	2014 $'000	2013 $'000
Employee Benefits		40,860	26,396
Other Provisions	20(a)	31,763	24,351
Total Provisions		72,623	50,747
Current		68,729	48,692
Non-Current		3,894	2,055
Total Provisions		72,623	50,747

The provision for employee benefits represents annual leave, long service leave, and other site specific leave entitlements accrued by employees. The increase in the carrying amount of the provision for the current year is due to the acquisition of Norfolk Group Limited.

(a) Other Provisions	Warranties (i) $'000	Provision for Loss (ii) $'000	Other $'000	Total $'000
Balance at 1 July 2012	5,232	16,208	524	21,964
Additional Provisions Recognised	2,030	2,194	170	4,394
Reclassification	(1,000)	1,000	-	-
Reductions from Payments	-	-	(100)	(100)
Reductions Arising from Re-Measurement	(1,593)	-	(314)	(1,907)
Balance at 30 June 2013	4,669	19,402	280	24,351
Balance at 1 July 2013	4,669	19,402	280	24,351
Provisions recognised on Business Combination	3,121	2,500	10,400	16,021
Additional Provisions Recognised	5,943	-	1,276	7,219
Reductions from Payments	(2,280)	(2,089)	(1,380)	(5,749)
Reductions Arising from Re-Measurement	(4,704)	(1,367)	(4,008)	(10,079)
Balance at 30 June 2014	6,749	18,446	6,568	31,763

(i) The provision for warranty claims represents the present value of the future outflow of economic benefits that will be required under the Company's obligations. The estimate has increased in the current year due to the acquisition of Norfolk Group Limited.

(ii) The provision for loss is mostly represented by the share of losses on joint venture projects.

Note 21. Deferred Revenue

Amounts Due to Customers Under Construction Contracts	18	41,255	11,273

Note 22. Borrowings

Note 22. Borrowings	Note	2014 $'000	2013 $'000
Bank Loans		100,000	-
Facility Costs and Prepayments		(475)	-
Total Borrowings		99,525	-
Current		20,233	-
Non-Current		79,292	-
Total Borrowings		99,525	-

Financing Arrangements

Financing Arrangements	Note	2014 $'000	2013 $'000
Bank Overdraft, Bank Guarantees, Trade Finance Facility and Insurance Bonding		320,000	230,000
Bank Loans		100,000	-
Total Bank Facilities		420,000	230,000
Used as at 30 June 2014			
Bank Overdraft, Bank Guarantees, Trade Finance Facility and Insurance Bonding	31(a)	127,667	93,760
Bank Loans		100,000	-
Total Used as at 30 June 2014		227,667	93,760
Unused as at 30 June 2014			
Bank Overdraft, Bank Guarantees, Trade Finance Facility and Insurance Bonding		192,333	136,240
Bank Loans		-	-
Total Unused as at 30 June 2014		192,333	136,240

The Australian and New Zealand entities within the Group are jointly and severally liable for the above facilities and the facilities are secured by charges on the assets of the Australian and New Zealand entities within the Group.

The fair value of borrowings (current and non-current) approximates their book value.

Details of the Group's exposure to risk arising from current and non-current borrowings are set out in Note 36.

Note 23. Lease Liabilities

	2014 $'000	2013 $'000
Secured Lease Liabilities	307	-
Current	257	-
Non-Current	50	-
Total Lease Liabilities	307	-

Assets pledged as Security

The lease liabilities are effectively secured as the rights to the leased assets recognised in the balance sheet revert to the lessor in the event of default.

Note 24. Tax

	Note	2014 $'000	2013 $'000
(a) Assets			
CURRENT			
Income Tax		2,899	-
NON-CURRENT			
Tax Losses		29,805	41
Work In Progress		949	-
Provisions		24,560	6,805
Transaction Costs on Equity Issue		73	14
Share Based Payments		-	1,168
Franking Deficit Tax		4,290	-
Other		8,357	6,130
Deferred Tax Asset		68,034	14,158
(b) Liabilities			
CURRENT			
Income Tax		-	17,169
NON-CURRENT			
Property, Plant and Equipment		421	1,424
Intangibles		7,559	1,237
Share Based Payments		1,354	-
Other		4	30
Deferred Tax Liability		9,338	2,691
(c) Net Deferred Tax			
Deferred Tax Asset	24(a)	68,034	14,158
Deferred Tax Liability	24(b)	(9,338)	(2,691)
Net Deferred Tax Asset		58,696	11,467
(i) Gross Movement			
Opening Balance		11,467	4,273
Balances Acquired on Business Combination	35	58,584	-
Movement to Profit and Loss	7(a)	(11,840)	7,668
Movement to Equity		485	(474)
Net Deferred Tax Asset		58,696	11,467

Note 24. Tax (continued)

(ii) Deferred Tax Asset	Tax Losses $'000	Work In Progress $'000	Provisions $'000	Transaction Costs on Equity Issue $'000	Share Based Payments $'000	Franking Deficit Tax $'000	Other $'000	Total $'000
Balance at 1 July 2012	113	-	6,730	-	1,130	-	1,609	9,582
Movement to Profit or Loss	(72)	-	75	14	512	-	4,521	5,050
Movement to Equity	-	-	-	-	(474)	-	-	(474)
Balance at 30 June 2013	41	-	6,805	14	1,168	-	6,130	14,158
Balance at 1 July 2013	41	-	6,805	14	1,168	-	6,130	14,158
Balance Acquired on Business Combination	27,637	4,759	22,255	63	-	4,290	7,140	66,144
Movement to Profit or Loss	2,127	(3,810)	(4,500)	-	-	-	(4,913)	(11,096)
Movement to Equity	-	-	-	(4)	-	-	-	(4)
Other	-	-	-	-	(1,168)	-	-	(1,168)
Balance at 30 June 2014	29,805	949	24,560	73	-	4,290	8,357	68,034

(iii) Deferred Tax Liability	PPE $'000	Intangibles $'000	Share Based Payments $'000	Other $'000	Total $'000
Balance at 1 July 2012	2,697	2,533	-	79	5,309
Movement to Profit or Loss	(1,273)	(1,296)	-	(49)	(2,618)
Balance at 30 June 2013	1,424	1,237	-	30	2,691
Balance at 1 July 2013	1,424	1,237	-	30	2,691
Balance Acquired on Business Combination	228	7,814	(482)	-	7,560
Movement to Profit or Loss	(1,231)	(1,492)	3,493	(26)	744
Movement to Equity	-	-	(489)	-	(489)
Other	-	-	(1,168)	-	(1,168)
Balance at 30 June 2014	421	7,559	1,354	4	9,338

Note 25. Issued Capital

	Note	No. Of Shares '000	Shares $'000
(a) Fully Paid Ordinary Shares			
Balance as at 1 July 2012		131,445	114,675
Issue of Shares Under the Employee Share Option Plan		1,258	490
Share Buy-Back		(1,070)	(1,712)
Share Buy-Back Costs		-	(17)
Issue of Treasury Shares to Employees	25(b)	798	1,393
Balance as at 30 June 2013		132,431	114,829
Issue of Treasury Shares	25(b)	4,558	13,951
Share Issue Costs		-	(4)
Balance as at 30 June 2014		136,989	128,777
(b) Treasury Shares			
Balance as at 1 July 2012		-	-
Acquisition of New Shares by the Trust	25(a)	(798)	(1,393)
Acquisition of On-Market Shares by the Trust		(791)	(1,428)
Issue of Shares Under the Employee Share Option Plan		31	56
Issue of Shares Under the Performance Incentive Plan	32(b)	1,256	2,220
Balance as at 30 June 2013		(302)	(545)
Acquisition of New Shares by the Trust	25(a)	(4,558)	(13,951)
Issue of Shares Under the Employee Share Option Plan	32(a)	3,257	10,451
Issue of Shares Under the Performance Incentive Plan	32(b)	1,297	3,236
Issue of Deferred Shares under the Executive STI Plan		185	462
Balance as at 30 June 2014		(121)	(347)
Balance of Issued Capital as at 30 June 2013		132,129	114,284
Balance of Issued Capital as at 30 June 2014		136,869	128,430

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Treasury shares are shares in RCR Tomlinson Ltd that are held by the RCR Employee Share Trust for the purpose of issuing shares under the Employee Share Option and Performance Incentive scheme.

(c) Options and Performance Rights

For information relating to options and performance rights, including details of options and performance rights issued, exercised and lapsed during the financial year and the amounts outstanding at year end refer to Note 32 Share-based Payments.

(d) Capital Management

Management controls the capital of the consolidated entity in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the consolidated entity can fund its operations and continue as a going concern. The consolidated entity's debt and capital includes ordinary share capital and financial liabilities and is supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the consolidated entity's capital by assessing the financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

The consolidated entity had borrowings totalling $100 million at the end of the financial year (2013: Nil). Refer to Note 29(c) for further information on the consolidated entity's loan facilities.

On 11 July 2013, a new facility agreement was entered into and subsequently drawn down for the purposes of acquiring Norfolk Group Limited. Refer to Note 29(c) for details.

Note 26. Reserves

	Note	2014 $'000	2013 $'000
Equity-Settled Employee Benefits Reserve	26(a)	(6,770)	4,407
Foreign Currency Translation Reserve	26(b)	1,595	(774)
Other Reserves	26(c)	(555)	(241)
Total Reserves		(5,730)	3,392

(a) Equity-Settled Employee Benefits Reserve

	Note	2014 $'000	2013 $'000
Balance at the Beginning of the Year		4,407	3,967
Issue of Treasury Shares to Employees		(14,018)	(2,276)
Recognition of Share Based Payments	29(a)	2,352	2,851
Tax Effect Relating to Share Based Payments		489	(135)
Balance at the End of the Year		(6,770)	4,407

The equity-settled employee benefits reserve relates to share options granted by the Company to its Executives and employees under its employee share option and performance rights plan.

(b) Foreign Currency Translation Reserve

	2014 $'000	2013 $'000
Balance at the Beginning of the Year	(774)	(1,194)
Exchange Differences Arising on Translating the Foreign Operations	2,369	420
Balance at the End of the Year	1,595	(774)

Exchange differences relating to the translation of the results and net assets of the consolidated entity's foreign operations from their functional currencies to the consolidated entity's presentation currency (i.e. Australian Dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

(c) Other Reserves

	2014 $'000	2013 $'000
Balance at the Beginning of the Year	(241)	(578)
Gain Arising on Changes in Fair Value of Foreign Exchange Contracts Entered into for Cash Flow Hedges	14	337
(Loss) Arising on Interest Rate Swap Contracts Entered into for Borrowing Hedges	(328)	-
Balance at the End of the Year	(555)	(241)

The other reserves represent the cumulative effective portion of gains or losses arising on changes in fair value of forward foreign exchange contracts entered into for cash flow hedges, and interest rate swaps. The gain or loss that is recognised in the other reserve will be reclassified to profit or loss only when the transaction affects the profit or loss.

Note 27. Dividends

	2014		2013	
Fully Paid Ordinary Shares	Cents Per Share	$'000	Cents Per Share	$'000
Interim Dividend	3.00	4,110	2.50	3,311
Final Dividend	5.75	7,789	4.25	5,636
	8.75	11,899	6.75	8,947

In respect of the financial year ended 30 June 2014, a fully franked interim dividend of 3.00 cents per share (2013: 2.50 cents) was paid on 4 April 2014, franked at the corporate income tax rate of 30%.

The Directors have recommended the payment of a final dividend of 7.0 cents per share, franked to 100% at 30% corporate income tax rate, to the holders of fully paid ordinary shares as at 11 September 2014 ("Record Date") to be paid on 3 October 2014 ("Payment Date"). No provision has been made for this dividend in the financial report as the dividend was not declared or determined by the Directors on or before the end of the financial year.

	2014 $'000	2013 $'000
Franking Account Balance	10,350	844

Notes to the Financial Statements

30 June 2014

Note 28. Segment Reporting

Operating Segments

RCR operates in the following three segments:

RCR Infrastructure - provides electrical, power transmission and distribution, rail signalling and overhead wiring systems, HVAC (heating, ventilation and air conditioning), telecommunications, fire protection and property services and products to the Infrastructure, Resources and Property sectors. RCR Infrastructure comprises the newly acquired businesses of O'Donnell Griffin, Haden and Resolve FM as well as RCR's Power business. Refer to Note 35(a) for the assets and liabilities of the newly acquired business.

RCR Resources - is a leading provider of specialist structural, construction and maintenance services to the Resources, Oil & Gas and LNG industries. The division also provides turnkey materials handling OEM solutions from design and manufacture to maintenance and off-site repair.

RCR Energy - is a technology leader in power generation and energy plants, including Combined or Open Cycle power plants, proprietary Heat Recovery Steam Generation technology, field-erected industrial boilers and packaged boilers; burners, heaters and combustion systems; servicing and maintenance.

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses and provisions. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's length" basis and are eliminated on consolidation.

Allocation Between Segments

For the purposes of monitoring segment performance, all Corporate costs are allocated to reportable segments other than the amounts disclosed below.

	Note	2014 $'000	2013 $'000
Amortisation	17(a)	(7,150)	(3,854)
Other Corporate Costs		(2,395)	(1,822)
Acquisition Transaction Costs	35	(3,993)	(1,598)
Total Costs Allocated		(13,538)	(7,274)

Note 28. Segment Reporting (continued)

30 June 2013	Resources $'000	Energy $'000	Infrastructure $'000	Corporate (Incl Elim.) $'000	Consolidated Group $'000
Revenue					
Sales	618,476	171,344	119,393	(34,006)	875,207
Total Sales Revenue	618,476	171,344	119,393	(34,006)	875,207
Segment EBIT	34,598	10,222	6,280	(7,274)	43,826
Interest Received	-	-	-	2,325	2,325
Finance Costs	-	-	-	(1)	(1)
Profit Before Income Tax	34,598	10,222	6,280	(4,950)	46,150
Income Tax Expense	-	-	-	(8,826)	(8,826)
Profit After Income Tax	34,598	10,222	6,280	(13,776)	37,324
Assets					
Segment Assets	174,609	112,983	26,565	111,884	426,041
Allocated Assets	(25,333)	(11,391)	24,624	12,100	-
Total Assets	149,276	101,592	51,189	123,984	426,041
Liabilities					
Segment Liabilities	102,763	26,947	9,827	33,796	173,333
Total Liabilities	102,763	26,947	9,827	33,796	173,333

30 June 2014	Resources $'000	Energy $'000	Infrastructure $'000	Corporate (Incl Elim.) $'000	Consolidated Group $'000
Revenue					
Sales	444,471	174,725	726,874	(45,618)	1,300,452
Total Sales Revenue	444,471	174,725	726,874	(45,618)	1,300,452
Segment EBIT	30,012	10,803	30,497	(13,538)	57,774
Interest Received	-	-	-	405	405
Finance Costs	-	-	-	(7,061)	(7,061)
Profit Before Income Tax	30,012	10,803	30,497	(20,194)	51,118
Income Tax Expense	-	-	-	(7,816)	(7,816)
Profit After Income Tax	30,012	10,803	30,497	(28,010)	43,302
Assets					
Segment Assets	101,994	105,566	365,840	64,248	637,648
Allocated Assets	4,792	(4,197)	(14,279)	13,684	-
Total Assets	106,786	101,369	351,561	77,932	637,648
Liabilities					
Segment Liabilities	58,486	38,201	130,440	121,386	348,513
Total Liabilities	58,486	38,201	130,440	121,386	348,513

Notes to the Financial Statements

30 June 2014

Note 28. Segment Reporting (continued)

Entity Wide Disclosures

Revenue by Geographical Region	Note	2014 $'000	2013 $'000
Revenue attributable to external customers is disclosed below, based on the location of the external customer:			
Australia		1,200,372	839,295
Overseas		100,080	35,912
Total Revenue		1,300,452	875,207

Non-Current Assets by Geographical Region			
The location of non-current segment assets by geographical location of the assets is disclosed below:			
Australia		271,634	147,545
Overseas		7,562	2,380
Total Non-Current Assets		279,196	149,925

Major customers

The consolidated entity provides both products and services to a number of customers. The consolidated entity supplied a single external customer who accounts for 12% of external revenue (FY13: 48%). No other single customer contributed 10% or more to the Group's revenue for both 2014 and 2013.

Note 29. Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit after Tax

	Note	2014 $'000	2013 $'000
Profit After Income Tax		43,302	37,324
Non Cash Flows in Profit:			
Depreciation	16(a)	14,697	10,966
Amortisation	17(a)	7,150	3,854
Net Gain on Disposal of Property, Plant and Equipment		(1,097)	(152)
Net Foreign Exchange Loss/(Gain)		24	(337)
Share Based Payment Expense	26(a)	2,352	2,851
Total Non Cash Flows in Profit		23,126	17,182
Movements in Working Capital:			
Decrease in Trade and Term Receivables		52,251	3,951
(Increase) in Other Debtors		(4,331)	(177)
Decrease in Inventories		868	7,233
(Decrease) in Trade Payables and Accruals		(70,813)	(8,034)
Increase/(Decrease) in Deferred Revenue		1,108	(7,497)
(Decrease)/Increase in Income Taxes Payable		(24,610)	13,494
Increase/(Decrease) in Deferred Taxes Payable		15,645	(7,193)
(Decrease)/Increase in Provisions		(22,099)	14,236
Total Working Capital Movements		(51,981)	16,013
Net Cash Increase from Operating Activities		14,447	70,519

Note 29. Cash Flow Information (continued)

(b) Non-Cash Financing and Investing Activities

Shares Issued

During the financial year 1,296,776 performance rights vested to key management personnel for no consideration (2013: 1,256,666 performance rights). On vesting, the performance rights converted into ordinary fully paid shares.

(c) Loan Facilities

Facility Use, Expiry and Interest Rates

Bank Facility

On 11 July 2013, a new 3 year, $280 million facility agreement was entered into for the purposes of acquiring 100% of Norfolk and securing banking facilities for business operations. The banking facility expires on 11 July 2016.

The new facility comprised;

1. $110 million amortising term cash advance, which is a new facility.
2. $120 million multi currency contingent instrument facility.
3. $50 million multi option facility, which replaces the $20 million amortising revolving cash advance facility.

At the date these accounts were signed, $100 million remains to be paid under the terms of the amortising term cash advance facility.

Insurance Bonding Facility

The consolidated entity also has a $150 million insurance bonding facility for the provision of performance guarantees to customers relative to contract performance. The bonding facility with Asset Insure ($100 million) expires on 30 November 2014. In March 2014, the consolidated entity entered into a facility with CGU ($50 million) which expires on 18 March 2015.

Note 30. Capital and Leasing Commitments

	2014 $'000	2013 $'000
(a) Finance Lease Commitments		
Payable — Minimum Lease Payments not later than 12 months	280	-
Between 12 Months and 5 Years	75	-
Minimum Lease Payments	355	-
Less Future Finance Charges	(48)	-
Present Value of Minimum Lease Payments	307	-
Current	257	-
Non-Current	50	-
Total Finance Lease Commitments	307	-
(b) Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable — Minimum Lease Payments not later than 12 months	30,897	13,604
Between 12 months and 5 years	47,122	22,100
Greater than 5 years	3,180	3,108
Total Operating Lease Commitments	81,199	38,812

The Company has various property leases under non-cancellable operating leases expiring within or greater than five years, with rent payable monthly in advance. Contingent rental provisions within the lease agreements require that the minimum lease payments shall be increased by CPI or current market rental on a per annum basis. Options exist to renew the leases at the end of their term for additional periods and conditions. The leases allow for subletting of all lease areas. Other leases under non-cancellable agreements include vehicle leasing.

(c) Capital Expenditure Commitments

$433,791 of commitments for property, plant and equipment expenditure exist at 30 June 2014 (2013: $2,190,022).

Note 31. Contingent Liabilities

(a) Performance Guarantees

RCR has indemnified its bankers and insurance bond providers in respect of bank guarantees, insurance bonds and letters of credit to various customers and suppliers for satisfactory contract performance and warranty security, in the following amounts:

2014: $127,666,911
2013: $93,759,755

(b) Claims

Certain claims arising out of engineering and construction contracts have been made by, or against, controlled entities in the ordinary course of business. The Directors do not consider the outcome of any of these claims will be materially different to the position taken in the financial accounts of the consolidated entity.

Note 32. Share Based Payments

(a) Options

The consolidated entity has a share based payment scheme for executives and employees. In accordance with the terms of the plan, each employee share option holds no voting or dividend right and is not transferable. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the year ended 30 June 2014:

Class of Securities	No. Of Options	Exercise Price	Grant Date	Expiry Date
Unlisted Employee Incentive Options	1,400,000	$0.39	17 Jun 2009	30 Sep 2016
Total Options Outstanding at Year End	1,400,000			

The following share options were granted, exercised or forfeited during the year:

Option Series	23 Sep 2008 and 26 Jun 2009	17 Jun 2009	Total
Fair Value per Option at Grant Date	$0.18	$0.001-$0.106	
Exercise Price Per Share	$1.20	$0.39	
Outstanding at the Beginning of the Year	450,000	4,753,015	5,203,015
Granted	-	-	-
Exercised through the Trust	(301,563)	(2,955,900)	(3,257,463)
Forfeited	(148,437)	(397,115)	(545,552)
Total Options Outstanding at Year End	-	1,400,000	1,400,000
Options Which Remain Subject to Performance Hurdles or Continuous Employment	-	1,400,000	1,400,000
Options Exercisable	-	-	-

All options granted are for ordinary shares in RCR which confer a right of one ordinary share for every option held. The following reconciles the share options outstanding at the beginning and end of the year:

Note 32. Share Based Payments (continued)

	2014		2013	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at Beginning of the Year	5,203,015	0.46	7,227,557	0.60
Granted	-	-	-	-
Exercised	(3,257,463)	0.46	(1,288,936)	0.41
Cancelled or Expired	(545,552)	0.61	(735,606)	1.91
Outstanding at Year End	1,400,000	0.39	5,203,015	0.46
Exercisable at Year End	-	-	2,069,015	0.57

The share options outstanding at the end of the year had an exercise price of $0.39 (2013: $0.46) and a weighted average remaining contractual life of 2.25 years (2013: 2.10 years). As at the date of this report, the 1,400,000 options set out above will vest. These options are exercisable from 30 September 2014.

The following inputs were used to determine the fair value of the options issued on 17 June 2009, which expire on 30 September 2016:

- Exercise Price Per Share: $0.39
- Grant Date Share Price: $0.58
- Expected Volatility: 60%
- Risk Free Interest Rate: 4.74%

(b) Performance Rights

The consolidated entity issues performance rights to senior executives in accordance with the terms of the Company's LTI Plan as approved by shareholders. No performance rights holder has any right under the terms of the performance rights to participate in any other share issue of the Company. When vested, each performance right is converted into one ordinary share for no consideration. Performance rights granted carry no dividend or voting rights.

The following performance rights arrangement was in existence during the year ended 30 June 2014:

Class of Securities	Number of Rights	Expiry Date
Unlisted Performance Rights	800,000	30 Sep 2014
Unlisted Performance Rights	100,000	15 May 2015
Unlisted Performance Rights	2,820,000	31 Aug 2015
Unlisted Performance Rights	50,000	6 Jan 2016
Unlisted Performance Rights	50,000	28 Feb 2016
Unlisted Performance Rights	100,000	15 May 2016
Unlisted Performance Rights	1,743,018	31 Aug 2016
Unlisted Performance Rights	50,000	6 Jan 2017
Unlisted Performance Rights	25,000	28 Feb 2017
Unlisted Performance Rights	100,000	15 May 2017
Unlisted Performance Rights	250,000	31 Aug 2017
Unlisted Performance Rights	50,000	6 Jan 2018
Unlisted Performance Rights	25,000	28 Feb 2018
Total Unlisted Performance Rights	6,163,018	

Note 32. Share Based Payments (continued)

The following performance rights were granted, vested or expired during the year:

	2014 Number of Performance Rights	2013 Number of Performance Rights
Outstanding at the Beginning of the Year	6,836,776	4,398,442
Granted	2,693,018	4,360,000
Vested through the Trust	(1,296,776)	(1,256,666)
Cancelled or Expired	(2,070,000)	(665,000)
Outstanding at Year End	6,163,018	6,836,776
Vested at Year End	-	-

The fair value of rights granted was calculated using a binomial simulation analysis. The grant date and fair value of unissued performance rights of RCR as at 30 June 2014 are as follows:

Grant Date	Expiry date	Number of Performance Rights	Grant Date Share Price	Expected Volatility	Risk Free Interest Rate	Fair Value
9 May 12	30 Sep 14	750,000	$1.82	55%	2.69%	$1.18 - $1.82
9 Jul 12	30 Sep 14	50,000	$1.58	55%	2.42%	$1.02 - $1.58
24 May 13	15 May 15	100,000	$1.96	40%	2.55%	$1.83
29 Nov 12	31 Aug 15	1,400,000	$1.74	38%	2.71%	$1.11 - $1.56
14 Jan 13	31 Aug 15	870,000	$2.11	37%	2.11%	$1.35 - $1.95
24 May 13	31 Aug 15	100,000	$1.96	40%	2.55%	$1.41 - $1.81
30 Aug 13	31 Aug 15	200,000	$3.30	39%	2.55%	$3.10
30 Aug 13	31 Aug 15	50,000	$3.30	39%	2.55%	$3.10
30 Aug 13	31 Aug 15	50,000	$3.30	39%	2.55%	$1.80
25 Feb 14	31 Aug 15	50,000	$3.38	40%	2.61%	$3.23
25 Feb 14	31 Aug 15	50,000	$3.38	40%	2.61%	$2.03
25 Feb 14	31 Aug 15	50,000	$3.38	40%	2.61%	$3.23
25 Feb 14	6 Jan 16	50,000	$3.38	40%	2.86%	$3.19
25 Feb 14	28 Feb 16	50,000	$3.38	40%	2.86%	$3.18
24 May 13	15 May 16	100,000	$1.96	39%	2.62%	$1.77
30 Aug 13	31 Aug 16	200,000	$3.30	39%	2.55%	$3.01
25 Feb 14	31 Aug 16	746,509	$3.38	40%	2.86%	$3.38
25 Feb 14	31 Aug 16	746,509	$3.38	40%	2.86%	$2.34
25 Feb 14	31 Aug 16	50,000	$3.38	40%	2.86%	$3.13
25 Feb 14	6 Jan 17	50,000	$3.38	40%	2.86%	$3.10
25 Feb 14	28 Feb 17	25,000	$3.38	40%	2.86%	$3.08
24 May 13	15 May 17	100,000	$1.96	45%	2.67%	$1.71
30 Aug 13	31 Aug 17	200,000	$3.30	39%	2.55%	$2.92
25 Feb 14	31 Aug 17	50,000	$3.38	40%	2.86%	$3.04
25 Feb 14	6 Jan 18	50,000	$3.38	40%	2.86%	$3.00
25 Feb 14	28 Feb 18	25,000	$3.38	40%	2.86%	$2.99
Total		6,163,018				

Note 33. Key Management Personnel Compensation

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	2014 $	2013 $
Short-Term Employee Benefits	5,162,251	4,352,542
Post-Employment Benefits	135,478	106,834
Share-Based Payments	853,749	1,276,574
Total Remuneration	6,151,478	5,735,950

The compensation of each member of the key management personnel of the consolidated entity is set out in the Remuneration Report contained in the Directors' Report for the financial years ended 30 June 2014 and 30 June 2013.

Note 34. Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties:

(a) Ultimate Parent Company

RCR Tomlinson Ltd is the ultimate Australian parent company.

(b) Controlled Entities

Interests in controlled entities are set out in Note 15.

During the year, funds have been advanced between entities within the consolidated entity for the purposes of working capital requirements.

(c) Transactions with Director Related Parties

In the year ended 30 June 2014, Mr Paul Dippie performed certain services for the Company through Responsive Services Limited, for which a fee of $3,818 was charged and paid. There were no other related party transactions with Directors in the year.

(d) Key Management Personnel Equity Holdings

Shares

Shareholdings include shares held in their own name and shareholdings in which the key management personnel hold a relevant interest.

Options

The consolidated entity has a share based payment scheme for key management personnel. In accordance with the terms of the plan, each share option holds no voting or dividend right and is not transferable. Options may be exercised at any time from the date of vesting to the date of their expiry.

Performance Rights

The consolidated entity issues performance rights to key management personnel in accordance with the terms of the Company's LTI Plan as approved by shareholders. No performance rights holder has any right under the terms of the performance rights to participate in any other share issue of the Company. When vested, each performance right is converted into one ordinary share for no consideration. Performance rights carry no dividend or voting rights.

Note 35. Business Combinations

On 31 July 2013, the Company concluded the acquisition, through a scheme of arrangement, of Norfolk Group Limited. Total consideration for Norfolk was $148.3 million and comprised $77.8 million for 100% of the shares and assumed debt of $70.5 million. Norfolk's principal activities include electrical, power transmission and distribution, rail signalling and overhead wiring systems, HVAC (heating, ventilation and air conditioning), telecommunications, fire protection and property services and products to the Infrastructure, Resources and Property sectors.

Acquisition-related costs amounting to $3.993 million (FY13: $1.598 million) have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the year.

(a) Fair Value of Assets Acquired and Liabilities Assumed at the Date of Acquisition

	$'000
CURRENT ASSETS	
Cash and Cash Equivalents	13,188
Trade and Other Receivables	132,932
Inventories	2,511
Other Current Assets	2,270
TOTAL CURRENT ASSETS	150,901
NON-CURRENT ASSETS	
Property, Plant and Equipment	6,070
Deferred Tax Assets	58,584
Intangibles	70,605
TOTAL NON-CURRENT ASSETS	135,259
TOTAL ASSETS	286,160
CURRENT LIABILITIES	
Trade and Other Payables	119,128
Lease Liabilities	816
Borrowings	82,688
Current Tax Liabilities	253
Provisions	42,032
Deferred Revenue	25,873
TOTAL CURRENT LIABILITIES	270,790
NON-CURRENT LIABILITIES	
Lease Liabilities	185
Provisions	2,357
TOTAL NON-CURRENT LIABILITIES	2,542
TOTAL LIABILITIES	273,332
NET ASSETS ACQUIRED	12,828

The information required to determine the fair values at acquisition date has been received and the accounting for the Norfolk acquisition was finalised at the 31 December 2013 interim financial statements.

(b) Goodwill Arising on Acquisition

Consideration Transferred	77,760
Less Fair Value of Net Assets Acquired	(12,828)
Goodwill Arising on Acquisition	64,932

Goodwill arose in the acquisition of Norfolk Group Limited because consideration paid for the combination included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Norfolk. These benefits are not recognised separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

Note 35. Business Combinations (continued)

(c) Net Cash Outflow on Acquisition	$000
Consideration Paid in Cash	77,760
Less Cash and Cash Equivalents Acquired	(13,188)
Net Cash Outflow on Acquisition	64,572

In addition to the Cash acquired, RCR assumed net borrowings of $83.7 million.

Impact of Acquisition on the Results of the Group

Had the acquisition of Norfolk been effected at 1 July 2013, the revenue of RCR from continuing operations for FY14 would have been $1.35 billion, and the NPAT for the financial year would have been $42.3 million. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on and to provide a reference point for comparison in future years. In determining the 'pro-forma' revenue and profit of the Group had Norfolk Group Limited been acquired at the beginning of the current half year, the directors have:

- calculated depreciation and amortisation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- based borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination

Note 36. Financial Risk Management

The consolidated entity's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risks. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. The consolidated entity uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by the finance function under policies approved by the Board of Directors. The finance function identifies, evaluates and hedges financial risks in close co-operation with the consolidated entity's operating units. The Board provides principles for overall risk management and the finance function monitors and actions activities to ensure compliance with these policies.

(a) Market Risk

(i) Foreign Exchange Risk

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the New Zealand Dollar ("NZD") and to a lesser extent other currencies.

The consolidated entity also undertakes transactions denominated in foreign currencies, primarily with respect to the United States Dollar. Consequently, exposures to exchange rate fluctuations arise. These exchange rate exposures are managed using forward foreign exchange contracts designated as cash flow hedges. Refer to Note 37(a) Derivative Financial Instruments which details outstanding cash flow hedges at reporting date.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the parent entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The AUD is the functional currency for most of the entities in the consolidated entity and business activities.

Management has instituted a policy requiring entities in the consolidated entity to manage their foreign exchange risk against their functional currency.

A spot rate of 1.07380 was used to translate the NZD balances to AUD as at 30 June 2014. Had the AUD appreciated by 10% against the NZD, Equity would have been $0.93 million lower (2013: $0.60 million lower). Had the AUD depreciated by 10% against the NZD, the effect on Equity would be an increase of $1.14 million (2013: $0.87 million increase). Equity is impacted by the translation of financial assets and liabilities of entities in the consolidated entity where the NZD is their functional currency.

Note 36. Financial Risk Management (continued)

(ii) Cash Flow and Fair Value Interest Rate Risk

The consolidated entity's main interest rate risk arises from short and long-term borrowings and interest bearing assets. Borrowings at variable rates expose the consolidated entity to cash flow interest rate risk and borrowings at fixed interest rates expose the consolidated entity to fair value interest rate risk. A portion of the Group's debt is at a fixed interest rate; refer to Note 37 for further information. The consolidated entity's bank borrowings are in AUD at variable interest rates primarily tied to the bank bill swap bid rate.

The consolidated entity analyses its interest rate exposure regularly. Various interest rate shifts are simulated, taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these interest rate shifts, the consolidated entity calculates the impact on profit and loss. The interest rate shift scenario is run only for liabilities and assets that represent the major interest-bearing positions. Based on the simulations performed at 30 June 2014, if interest rates had changed by -/+ 100 basis points from the year end rates with all other variables held constant, post-tax profit for the year would have been $0.19 million higher/lower (2013: $0.96 million higher/lower).

(iii) Summarised Sensitivity Analysis

The following table summarises the sensitivity of the consolidated entity's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

		Interest Rate Risk				Foreign Exchange Risk			
		Rate changes by -100bps		Rate changes by +100bps		AUD depreciates against NZD by 10%		AUD appreciates against NZD by 10%	
30 June 2014	Carrying Amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial Assets:									
Cash and Cash Equivalents	42,594	(426)	-	426	-	-	669	-	(547)
Trade and Other Receivables	226,434	-	-	-	-	-	1,901	-	(1,555)
Financial Liabilities:									
Trade and Other Payables	134,803	-	-	-	-	-	(1,433)		1,173
Short-Term Borrowings	20,233	-	-	-	-	-	-	-	-
Long-Term Borrowings	79,292	237	-	(237)	-	-	-	-	-
Total Increase/(Decrease)		(189)	-	189	-	-	1,137	-	(929)
30 June 2013									
Financial Assets:									
Cash and Cash Equivalents	85,581	(856)	-	856	-	-	436	-	(357)
Loans Advanced to Other Parties	10,250	(103)	-	103	-	-	-	-	-
Trade and Other Receivables	146,200	-	-	-	-	-	713	-	(584)
Financial Liabilities:									
Trade and Other Payables	94,144	-	-	-	-	-	(279)	-	340
Short-Term Borrowings	-	-	-	-	-	-	-	-	-
Long-Term Borrowings	-	-	-	-	-	-	-	-	-
Total Increase/(Decrease)		(959)	-	959	-	-	870	-	(601)

Note 36. Financial Risk Management (continued)

(b) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss. Credit risk is co-operatively managed by the finance function and the operating units for customers, including outstanding receivables and committed transactions and at the consolidated level for credit risk arising from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. For banks and financial institutions, only reputable institutions with sound financial positions are dealt with.

Individual risk exposures are set for customers in accordance with specified limits established by the Board of Directors based on independent credit reports, financial information obtained, credit references, and the consolidated entity's credit and trading history with the customer. Outstanding customer receivables are regularly monitored and any credit concerns highlighted to senior management. High risk projects or shipments for customers are generally covered by letters of credit or other forms of guarantee. Refer to Note 31(a) for details on guarantees.

(c) Liquidity and Capital Risk

Management controls the capital of the consolidated entity in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the consolidated entity can fund its operations and continue as a going concern. The consolidated entity's debt and capital includes ordinary share capital and financial liabilities and is supported by financial assets.

The consolidated entity's net cash/debt position is defined as total borrowings less cash and cash equivalents. The consolidated entity was in a $57.2 million net debt position as at 30 June 2014 (2013: $85.6 million net cash).

The consolidated entity does not have a fixed target debt/equity ratio, but has a policy of maintaining a flexible financing structure so as to be able to take advantage of investment opportunities when they arise.

As at 30 June 2014, the consolidated entity maintains backup liquidity for its operations and maturing debts through a combination of bank overdrafts, bank guarantees and trade finance and cash advance facilities. Refer to Note 29(c) for details on the facilities.

The consolidated entity must maintain six covenants relating to the debt drawn under the bank's credit facilities, for which a compliance certificate must be produced attesting to certain ratios for interest cover, leverage, gearing and guarantor group testing. The consolidated entity's policy is to centralise debt and surplus cash balances whenever possible. All covenants were in compliance during the financial year.

The table below analyses the consolidated entity's financial liabilities into maturity groupings based on the remaining period from the balance date to the contractual maturity date.

	Within 1 year		Between 1 and 5 years		After 5 years	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Financial Assets:						
Cash and Cash Equivalents	42,594	85,581	-	-	-	-
Trade and Other Receivables	226,434	146,200	-	-	-	-
Financial Liabilities:						
Trade and Other Payables	(176,058)	(105,417)	-	-	-	-
Lease Liabilities	(257)	-	(50)	-	-	-
Borrowings	(20,233)	-	(79,292)	-	-	-
Total	72,480	126,364	(79,342)	-	-	-

Note 37. Financial Instruments

The financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, bank loans and leases.

(a) Derivative Financial Instruments

Forward Foreign Exchange Contracts

The consolidated entity has a number of outstanding contracts with supplier's that trade in various foreign currencies. The consolidated entity has entered into forward foreign exchange contracts to hedge the exchange rate risk arising from these anticipated future transactions, which are designated as cash flow hedges. The fair value hierarchy has been assessed as level 2. The valuation technique used was discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. The following table details the cash flow hedges outstanding at 30 June 2014:

Outstanding Cash Flow Hedging Instruments	Months	Average Exchange Rate 2014	Average Exchange Rate 2013	Foreign Currency 2014 $'000	Foreign Currency 2013 $'000	Notional Value 2014 $'000	Notional Value 2013 $'000	Fair Value 2014 $'000	Fair Value 2013 $'000
EUR Buy/AUD Sell	Less than 6	0.6703	0.7145	788	1,078	1,175	1,508	28	(17)
	More than 6	0.6716	0.6861	431	49	642	71	7	1
EUR Buy/NZD Sell	Less than 6	0.6119	0.6170	90	250	148	406	5	(15)
	More than 6	-	0.6200	-	36	-	59	-	(2)
USD Buy/AUD Sell	Less than 6	0.9072	-	2,929	-	3,228	-	102	-
	More than 6	0.8979	-	136	-	152	-	4	-
USD Buy/NZD Sell	Less than 6	0.8231	0.7994	696	627	845	784	41	(22)
	More than 6	0.8120	0.7894	62	150	76	189	3	(4)
NZD Buy/GBP Sell	Less than 6	1.9629	1.9344	720	5,072	367	2,622	(2)	63
AUD Buy/USD Sell	Less than 6	1.1169	0.9983	285	2,434	255	2,439	(13)	208
	More than 6	1.1121	-	133	-	119	-	(4)	-
AUD Buy/NZD Sell	Less than 6	0.8250	0.8260	67	305	81	369	9	6
	More than 6	-	0.8251	-	150	-	182	-	3
NZD Buy/AUD Sell	Less than 6	1.0752	-	500	-	465	-	1	-
GBP Buy/NZD Sell	Less than 6	0.5466	0.4990	952	24	1,743	49	9	1
THB Buy/AUD Sell	Less than 6	29.6851	-	5,762	-	194	-	5	-
THB Buy/NZD Sell	Less than 6	26.7494	23.5970	12,064	15,750	451	667	24	16
ZAR Buy/NZD Sell	Less than 6	9.0113	7.4223	878	1,512	97	204	3	8
	More than 6	9.0244	7.3712	293	1,512	32	205	1	10
CHF Buy/NZD Sell	Less than 6	-	0.7367	-	190	-	258	-	(1)
PLN Buy/NZD Sell	Less than 6	-	2.5412	-	1,203	-	473	-	6
Total								223	261

Interest Rate Swap Contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The fair value hierarchy has been assessed as level 2 as above. The average interest rate is based on the outstanding balances at the end of the reporting period.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

Note 37. Financial Instruments (continued)

Outstanding Floating Pay Fixed Contracts	Average Contracted Fixed Interest Rate 2014 %	Average Contracted Fixed Interest Rate 2013 %	Notional Principal Value 2014 $'000	Notional Principal Value 2013 $'000	Fair Value 2014 $'000	Fair Value 2013 $'000
Less than 1 Year	-	-	-	-	-	-
1 to 2 Years	3.08	-	75,000	-	328	-
2 to 5 Years	-	-	-	-	-	-
5 Years +	-	-	-	-	-	-
Total	-	-	-	-	328	-

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the local interbank rate of Australia. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings.

(b) Net Fair Values

Aggregate net fair values and carrying amounts of financial assets and financial liabilities carried at amortised cost at balance date.

	2014 Carrying Amount $'000	2014 Net Fair Value $'000	2013 Carrying Amount $'000	2013 Net Fair Value $'000
Financial Assets				
Cash and Cash Equivalents	42,594	42,594	85,581	85,581
Loans and Receivables	226,434	226,434	146,200	146,200
Total Financial Assets	269,028	269,028	231,781	231,781
Financial Liabilities				
Trade and Other Payables	134,803	134,803	94,144	94,144
Lease Liabilities	307	307	-	-
Borrowings	99,525	99,525	-	-
Deferred Revenue	41,255	41,255	11,273	11,273
Total Financial Liabilities	275,890	275,890	105,417	105,417

None of the above financial assets and financial liabilities are readily traded on organised markets in standardised form. The net fair value is determined by valuing them at the present value of contractual future cash flows.

The carrying amounts of financial assets and financial liabilities are materially in line with their fair values.

Note 38. Auditor's Remuneration

	2014 $	2013 $
Auditor of the Parent Entity		
Audit or Review of the Financial Report	621,250	283,850
Due Diligence Services Related to Norfolk Group Limited Acquisition	-	380,000
Other Non-Audit Services	142,400	-
Taxation Services	141,114	54,900
Total Auditor's Remuneration	904,764	718,750
Auditor of Subsidiaries		
Audit or Review of the Financial Report	128,750	57,650

Deloitte Touche Tohmatsu are the auditors for the RCR Group.

Note 39. Events After Balance Sheet Date

- The directors have recommended a final dividend payment of 7.0 cents per share. Refer to Note 27 for details.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Note 40. Parent Entity Disclosures

	2014 $'000	2013 $'000
(a) Financial Information		
Income for the Year	118,315	1,678
Other Comprehensive (Loss)/Gain	(768)	395
Total Comprehensive Income	117,547	2,073
ASSETS		
Current Assets	3,169	38,018
Non-Current Assets	345,591	115,497
TOTAL ASSETS	348,760	153,515
LIABILITIES		
Current Liabilities	15,722	18,468
Non-Current Liabilities	81,775	4,014
TOTAL LIABILITIES	97,497	22,482
NET ASSETS	251,263	131,033
EQUITY		
Issued Capital	126,877	113,365
Reserves	(6,499)	5,098
Retained Earnings	130,885	12,570
TOTAL EQUITY	251,263	131,033
(b) Guarantees Entered Into by the Parent Entity in Relation to the Debts of its Subsidiaries		
Guarantee Provided Under the Deed of Cross Guarantee	251,016	141,084

RCR Tomlinson Ltd has entered into a deed of cross guarantee with a number of its subsidiaries listed in Note 15.

Note 41. Company Details

The registered office of the Company as at 30 June 2014 is:

RCR Tomlinson Ltd
Level 6, 251 St George Terrace
Perth, WA 6000

Directors' Declaration

The Directors of the Company declare that, in the opinion of the Directors:

(a) the financial statements and notes thereto are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of their performance for the year then ended; and
- (ii) complying with Australian Accounting Standards, including the interpretations, and the Corporations Regulations 2001;

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

(c) the Directors have been given the declarations required by s.295A of the Corporations Act 2001;

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

(e) there are reasonable grounds to believe that the Company and the companies who are a party to the Deed of Cross Guarantee, as detailed in Note 15, will be able to meet existing or future obligations or liabilities to which they are, or may become subject to by virtue of the Deed of Cross Guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors:

R Brown.

Roderick J M Brown
Director

Signed at Perth on the 20th day of August 2014

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of RCR Tomlinson Limited

Report on the Financial Report

We have audited the accompanying financial report of RCR Tomlinson Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, 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 as set out on pages 78 to 126.

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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated 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 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 judgement, 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 control, relevant to the company's preparation of the financial report that gives a true and fair view, 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 company's internal control. 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.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of RCR Tomlinson Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of RCR Tomlinson Limited is in accordance with the *Corporations Act 2001*, including:

  (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 40 to 62 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion the Remuneration Report of RCR Tomlinson Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants
Perth, 20 August 2014

Shareholding Information

The following shareholder information is provided as at 14 August 2014.

RCR's Top Twenty Shareholders

Registered Shareholder	Fully Paid Ordinary Shares	Percentage of Total Shares
JP Morgan Nominees Australia Limited	28,708,367	20.96
HSBC Custody Nominees (Australia) Limited	16,463,983	12.02
National Nominees Limited	16,292,260	11.89
Citicorp Nominees Pty Limited	9,995,090	7.30
Dr Paul Joseph Dalgleish*	5,684,151	4.15
RBC Investor Services Australia Nominees Pty Limited <P1 Pooled A/C>	4,491,502	3.28
Masfen Securities Limited	3,592,642	2.62
BNP Paribas Nominees Pty Ltd <DRP>	2,997,896	2.19
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	2,720,456	1.99
HSBC Custody Nominees (Australia) Limited <NT - Comwlth Super Corp A/C>	2,450,215	1.79
UBS Nominees Pty Ltd	2,123,667	1.55
Mr Joshua Kane Hogan	1,543,519	1.13
AL Group Pty Ltd	1,426,485	1.04
Warbont Nominees Pty Ltd <Accumulation Entrepot A/C>	1,335,455	0.97
Mr Andrew John Walsh	841,089	0.61
Jaylin Pty Ltd <Linden Super Fund A/C>	750,000	0.55
CPU Share Plans Pty Limited <RCR Employee Share Trust>	710,000	0.52
Mr Bruce David McBeth + M/s Ruth Ester McBeth + Mr Ernest William Gartrell	604,038	0.44
Mr David Paul Dippie + Ms Joanne Elizabeth Dippie + Bramwell Grossman Trustees Ltd	600,000	0.44
Bond Street Custodians Ltd <Macquarie Smaller Co's A/C>	569,245	0.42
Total Held by Top 20	103,900,060	75.85
Total Ordinary Fully Paid Shares on Issue	136,989,238	100.00

* includes shares held indirectly in which the holder has a beneficial interest

Substantial Shareholders

An extract of the Company's register of substantial shareholders (who held a relevant interest in 5% or more of the issued capital) is set out below:

Substantial Shareholder	Fully Paid Ordinary Shares	Percentage of Total shares
Commonwealth Bank of Australia	8,416,626	6.16
Celeste Funds Management Limited	9,160,730	6.69
Perpetual Limited	7,006,223	5.29
Invesco Australia Limited	7,994,196	5.84
L1 Capital	6,981,276	5.21

Distribution Of Shareholdings

There were 160 holders of less than a marketable parcel of ordinary shares. The number of shareholders by size of holding is set out below:

Fully Paid Ordinary Shares	Number of Shareholders	Number of Shares	Percentage of Issued Capital
1 - 1,000 shares	667	333,314	0.24
1,001 - 5,000 shares	1,198	3,437,639	2.51
5,001 - 10,000 shares	552	4,223,975	3.08
10,001 - 100,000 shares	561	14,857,879	10.85
100,001 and over shares	74	114,136,431	83.32
Total	3,052	136,989,238	100.00

Unquoted Options

1,400,000 CEO options exercisable at $0.39 per share are currently held by Dr Paul Dalgleish, as approved by shareholders on 28 October 2009.

Unquoted Performance Rights

6,163,018 Performance Rights are currently on issue to RCR employees under the terms of the RCR Long Term Incentive Plan as approved by Shareholders on 18 November 2010.

Voting Rights

Ordinary shares

For all ordinary shares, voting rights are on a show of hands whereby every member present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

Options and Performance Rights

There are no voting rights attached to options and performance rights.

Other Information

RCR Tomlinson Ltd is incorporated and domiciled in Australia and is a publicly listed company limited by shares.

Investor Information

Company Information

A range of information on RCR Tomlinson Ltd and its services is available from the company website, www.rcrtom.com.au. This includes Annual Reports, Interim Reports, Presentations and ASX Announcements.

Share Registry

RCR Tomlinson Ltd's share register is managed by Computershare Investor Services Pty Limited ("Computershare"). Shareholders must elect to receive a printed RCR Annual Report by writing to Computershare at the address below. Alternatively shareholders may choose to receive this publication electronically.

Shareholder Enquiries

Shareholders can obtain information about their shares or dividend payments by contacting the Company's share registry:

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth, Western Australia 6000
Telephone from within Australia: 1300 557 010
Telephone from outside Australia: +61 3 9415 4000
Fax: +61 8 9323 2033
Email: web.queries@computershare.com.au
Website: www.investorcentre.com

Electronic Communications & Updating your Shareholder Details

At RCR, we are committed to meeting the needs of our shareholders as well as reducing our environmental impact.

Delivering company documents electronically is a more efficient method of distribution, and eliminates some of the cost and paper consumption associated with producing documents. We provide shareholder information such as Annual Reports and AGM notices via our website, although our shareholders can elect to receive notifications of shareholder communications directly, by registering for Electronic Communications with our registry, Computershare.

Shareholders can access Computershare's online services at www.investorcentre.com/au. This online portal allows you to manage your portfolio quickly and securely, update your details and view balances; you can obtain information on your current holding and transaction history for taxation purposes, as well as advise changes to your holding such as change of address, notification of tax file number and off-market transfers.

Shareholders require their Security Reference Number ("SRN") or Holder Identification Number ("HIN") to access this site.

Computershare's online services enable you to:

- access details of your RCR shareholding quickly and securely;
- change your details; and
- elect to receive messages and notification of availability of important shareholder documents by email.

Tax File Number ("TFN") Information

Providing your TFN to RCR is not compulsory. However, where shareholders have not supplied their TFN, we are required to deduct tax at the top marginal rate, plus Medicare levy, from unfranked dividends paid to investors residing in Australia. For more information, please contact Computershare.

Lost Issuer-Sponsored Statement

You will need to contact Computershare in writing immediately if your issuer-sponsored statement has been lost or stolen.

Registered Office

Level 6, 251 St Georges Terrace
Perth WA 6000
Ph: +61 8 9355 8100
Fax: +61 8 9361 0724
Email: enquiries@rcrtom.com.au
Website: www.rcrtom.com.au

Auditor

Deloitte Touche Tohmatsu
Level 14, 240 St Georges Terrace
Perth WA 6000

Five Year Summary

30 June Year End	Measure	2014	2013	2012	2011	2010
Revenue	$M	1,300.5	875.2	808.7	607.2	545.6
Revenue Growth	%	48.6%	8.2%	33.2%	11.0%	(7.4)%
EBITDA	$M	79.6	58.6	50.5	39.9	31.2
EBITDA Margin	%	6.1%	6.7%	6.2%	6.6%	5.7%
EBIT	$M	57.8	43.8	35.3	25.6	14.4
NPBT	$M	51.1	46.2	34.3	22.0	10.6
NPAT	$M	43.3	37.3	27.3	19.5	17.5
EPS	Cents	31.9	28.3	20.5	14.8	13.3
Dividends per share	Cents	10.0	8.25	6.25	3.75	3.00
Net Assets	$M	289.1	252.7	223.5	207.5	190.8
Safety	LTIFR	1.31	0.36	0.65	0.78	1.11
Market Capitalisation	$M	383.6	305.9	235.3	215.8	109.4
Closing Share Price	$	2.80	2.31	1.79	1.63	0.83
Total Shareholder Returns – 1 year	%	26.05	32.80	13.34	102.41	35.71
Total Shareholder returns – 3 year rolling	%	84.25	197.00	217.00	129.80	(56.59)

Our History

RCR's origins date back to 1896 - the year Ernest Tomlinson and his brother, Edward, established the engineering firm Tomlinson Bros. Tomlinson is one of the oldest engineering companies in Australia, and boilers manufactured under this name continue to be held in extremely high regard throughout the country.

RCR Engineering Ltd was established in Western Australia in 1979 by Ron Stevens, Clive Butcher and Robert Wovodich to provide diversified fabrication and machining services to industry in the south-west region of Western Australia.

RCR Tomlinson Ltd was established as a result of the merger of RCR Engineering Ltd and Centurion Industries Ltd, which included the original Tomlinson Industries business, in December 1996.

Since listing on the ASX, RCR Tomlinson Ltd has undergone substantial and sustained growth to emerge as one of Australia's leading multi-disciplinary engineering firms. In July 2013, RCR acquired the key infrastructure brands of O'Donnell Griffin (established 1906), Haden (established in the UK in 1816) and Resolve FM (established in 1968), and now provides integrated solutions to a diverse client base throughout Australia and overseas, in the Resources, Energy and Infrastructure sectors.

Corporate Directory

RCR Tomlinson Ltd

ABN

81 008 898 486

Registered Office

Level 6, 251 St Georges Terrace
Perth WA 6000
Ph: +61 8 9355 8100
Fax: +61 8 9361 0724
E-mail: enquiries@rcrtom.com.au
Website: www.rcrtom.com.au

Auditor

Deloitte Touche Tohmatsu
Level 14, 240 St Georges Terrace
Perth WA 6000

Bankers

Commonwealth Bank of Australia
150 St Georges Terrace
Perth WA 6000

Share Registrar

Computershare Investor Services
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Tel: +61 8 9323 2000
Fax: +61 8 9323 2033

Securities Exchange Listing

RCR's shares are listed on the Australian Securities Exchange ASX code: RCR

Directors

Mr Roderick Brown - Chairman and Independent Non-Executive Director

Dr Paul Dalgleish - Managing Director

Ms Eva Skira - Independent Non-Executive Director

Mr Paul Dippie - Independent Non-Executive Director

Mr Lloyd Jones - Independent Non-Executive Director

Mr Bruce James - Independent Non-Executive Director

Ms Sue Palmer - Independent Non-Executive Director (effective 21 Aug 2014)

Managing Director & CEO

Dr Paul Dalgleish

Chief Financial Officer

Mr Andrew Phipps

Company Secretary

Mr Darryl Edwards

Key Offices

For a full list of offices, please refer to the RCR website.

Australia

Sydney Office:

Level 39, 50 Bridge Street
Sydney NSW 2000
Ph: +61 2 8413 3009

Perth Office:

Level 6, 251 St Georges Terrace
Perth WA 6000
Ph: +61 8 9355 8100

New Zealand

Level 2, 6 Albion Street
Napier NZ 4110
Ph: +64 6 872 7600

314 Neilson Street
Onehunga
Auckland, NZ 1061
Ph: +64 9 634 9602

Malaysia

A-19-4, Northpoint Offices,
Mid Valley City,
No. 1 Medan Syed Putra Utara, 59200
Kuala Lumpur, Malaysia
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Level 4, Centec Tower
72 - 74 Nguyen Thi Minh Khai Street
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Copyright and Legal Notice

RCR used recycled chlorine-free greenhouse friendly paper for the printing of this Annual Report

RCR Limited Tomlinson

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Insight Communication & Design

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