RCR Limited
Tomlinson

Annual Report **2016**

Expanding Capabilities Through Innovation

RCR is a leading provider of integrated, innovative engineering solutions in the infrastructure, energy and resources sectors.

From our origins in 1898 as a Western Australian Company, RCR has grown into one of Australia's most diversified engineering and infrastructure companies, using in-house expertise to provide a comprehensive range of solutions for its customers.

Our priorities are the successful delivery of innovative and cost effective solutions that meet our clients' needs.

Delivered through our three business streams, RCR Infrastructure, RCR Energy and RCR Resources, we employ over 3,000 people supporting major projects across our extensive network of operations in Australia, New Zealand, SE Asia and Vietnam.

Integrated engineering solutions

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

3 Business Units

Infrastructure
Energy
Resources

Track record	118 years
Employees	3,092
TSR - 5 YRS	22%

About our cover image - AGL's 53MW Solar Plant in NSW. RCR installed and energised 680,000 photovoltaic panels. The plant covers 140 hectares.

Upgrade works at Onslow Waste Water Treatment Plant, WA

Expanding Capabilities Through Innovation

Expanding Capabilities Through **Innovation**

RCR completed E&I, installation and energisation of 680,000 PV panels for AGL's 53MW Broken Hill Solar Project, NSW. The plant covers 140 hectares.

Our Business

RCR is one of the leading diversified engineering and infrastructure companies in Australia. RCR provides integrated engineering solutions to the infrastructure, energy and resources sectors.

Infrastructure

Leading provider of rail, transport, renewable energy, telecommunication, water, electrical and instrumentation, HVAC, property services and facilities management solutions.

Energy

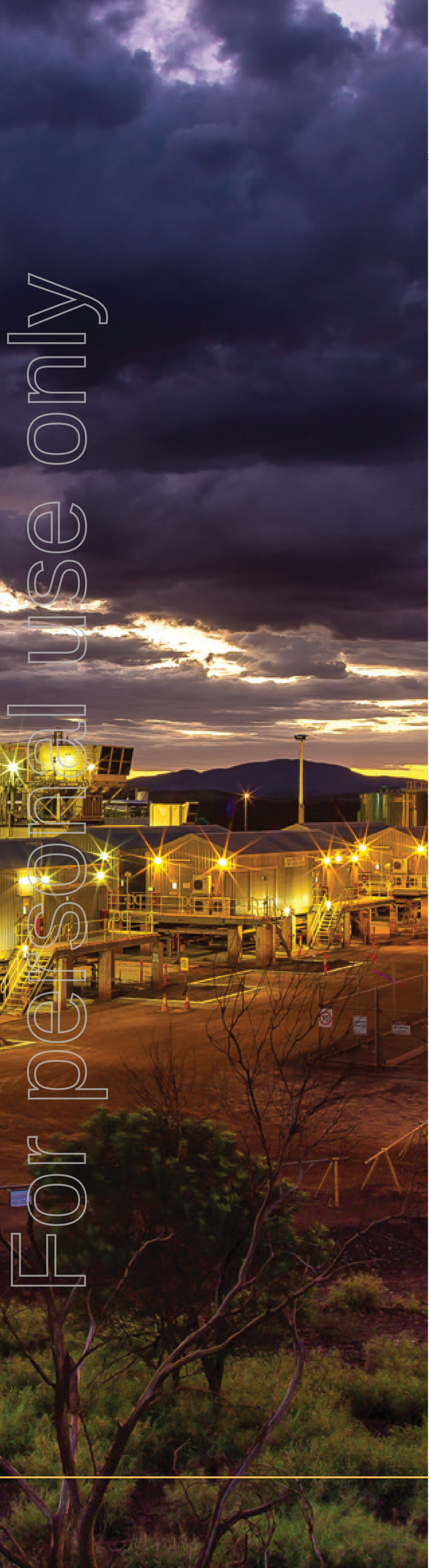
Technology leader in power generation and energy plants.

Resources

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

Expanding Capabilities Through **Innovation**

RCR proprietary HRSGs designed and supplied to BHP Billiton's Yarnima Power Station, WA



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ASX code: RCR

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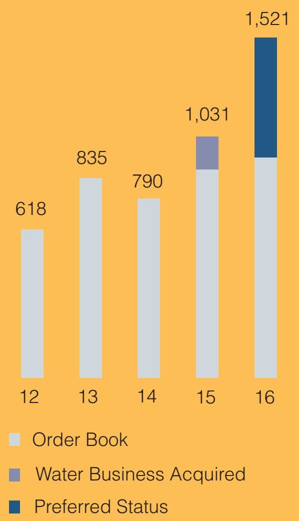
About this Annual Report

This 2016 Annual Report provides a summary of RCR's activities and financial position as at 30 June 2016.

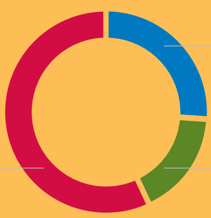
Highlights

Order Book and
Preferred Status - $M

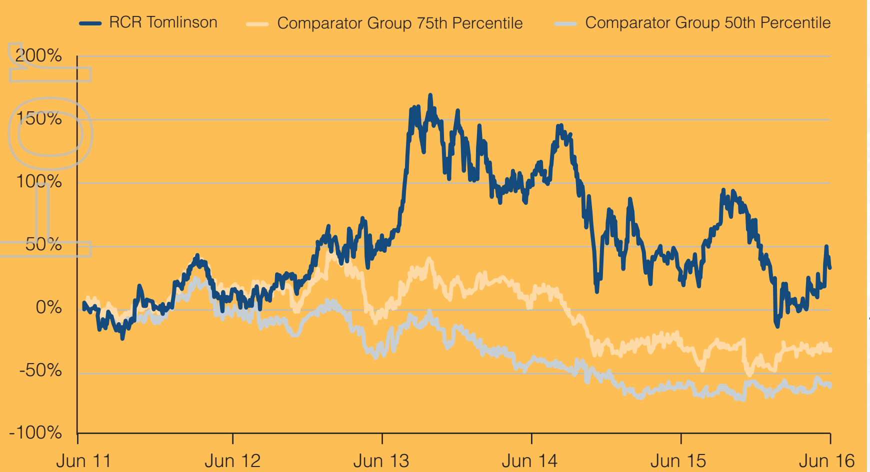


Increased 48%

Revenue by Business
%



RCR Total Shareholder Returns (TSR)
June 11 - June 16 (5 Year)



6 countries

Strategically located
across 6 countries

3 business units

Diverse operations
through 3 divisions

$891M

Revenue of $891 million
with more than 70% generated by our Infrastructure and Energy businesses

TRIFR 8.4

17% improvement in Total Recordable Injuries
reflecting our continued focus on safety

3,092

Strong employee base
including 142 apprentices

Expanding Capabilities Through Innovation

RCR SMP and E&I works at the Roy Hill Iron Ore Project, WA.

Chairman's Report

We continue to drive our strategy of **diversification** and to broaden our engineering led services. We are firmly focused on providing **innovative solutions** that exceed our customers' expectations.

A CENTURY OF INNOVATION

For over a century RCR has been involved in large scale engineering projects which have delivered innovative solutions. We are firmly focused on a future that provides our customers with innovation, certainty of delivery and lower cost solutions.

Innovation is embedded in every aspect of our strategy and culture. As we continue to diversify our business and broaden our engineering led activities we strengthen our market position in the infrastructure, energy and resources markets and create opportunities to innovate.

We have identified emerging growth opportunities in rail, transport, water and renewable energy, and have been successful in securing significant new business in these areas.

Over this past year, RCR has been awarded major rail projects including Hornsby Turnback, an extension to works on Sydney's Wynyard Station and various rail upgrade projects. We also participated in the development of Australia's largest solar farm project and have commenced work on an even larger solar project.

Furthermore, we extended our reach into water infrastructure, securing new business and acquiring a water business in Western Australia.

In our traditional markets, where RCR maintains market-leadership, we completed work on the Roy Hill Iron Ore Project and commenced work on the Dugald River lead/zinc project. RCR was also recently awarded the highly coveted Silvergrass mine ore processing facility.

We also see significant opportunities in 3D printing and technology partnerships and will be continuing to develop our capability in these areas.

INDUSTRY CONSOLIDATION AND CHANGE

Our industry continues to experience considerable consolidation and change and we have anticipated and positioned RCR for this. We believe these changes strengthen RCR's position in the marketplace as a high quality, Australian company, delivering large scale engineering projects. Relationships with our clients and our ability to manage complex projects set us apart.

The relative strength of our balance sheet means that we also remain well positioned to continue to evaluate acquisition opportunities that will increase our existing scale and expand our reach into new markets or geographies.

OUR SAFETY COMMITMENT

We consider a strong safety culture as fundamental to our success and remain committed to maintaining a safe environment for our workforce.

To achieve this, our priority will be the ongoing development of a workforce that is inclusive, diverse and well equipped to deliver positive safety outcomes.

PERFORMANCE

Looking back on the past year and like many in our industry, our performance was impacted, in part, by delays in project awards and also by the closure of loss making businesses tied to the coal sector. This resulted in a statutory loss of $16.2 million with underlying earnings from continuing operations of $20.1 million, before non-recurring items. Whilst necessary, the cost of the reorganisation has resulted in the Board determining that it would not be prudent to pay a final dividend.

The Board is confident that these decisive measures, the resilience of our business and future project awards will again secure future ongoing returns to shareholders.

CONCLUSION

Dr Dalgleish continues to chart a clear and progressive course for RCR, which is tangibly evident, and we are confident that our diversification and innovation positions us to capitalise on the future. Our pipeline is now stronger than it has ever been.

Our extraordinarily dedicated and talented people give us the agility needed to deliver our strategy.

As always, I would like to thank you, our shareholders, for continuing to support RCR's ambitions. I hope you will do so in the years to come.

R Brown.

Roderick Brown
Chairman

Managing Director's Report

As a leading **diversified** engineering company RCR is focused on **innovative solutions** and smarter delivery to reduce costs for our customers.

INNOVATION CREATING OUR FUTURE

In a rapidly changing industry, this year RCR has adjusted its focus to the growing areas of the market and reduced our exposure to those traditional markets that continue to moderate.

We continue to build on our strategy around diversification and are ideally positioned in the growth sectors of rail, water, renewable energy, and commodities. We also continue to invest in the broadening of our engineering led offerings and to focus on creating innovative solutions including:

- an exclusive agreement to manufacture and assemble the Kiruna 'Helix wagon and car dumper', for the Australian market. We believe this technology will revolutionise rail freight for mineral commodities globally. RCR has already gained interest from a number of Australian mining companies.
- a partnership with Rhomberg Rail, a world leader in specialised rail systems, to provide a strong technology edge for the expected major pipeline of rail projects across Australia and New Zealand.
- finalising a technology partnership with Deakin University for the commercialisation of Ozbot and other robotic platforms that potentially provides RCR with entry into new markets such as agriculture and first responders.
- the design and development of a modularised processing plant system which has been instrumental in securing major project wins at Silvergrass and Dugald River.
- the development of an advanced systems delivery approach to photovoltaic panel installation for large solar projects.
- entry into the emerging market for 3D printing components for the medical, aerospace and defence sectors (as well as in our existing businesses).

Our approach to innovation across all parts of our business will enable RCR to be more competitive by delivering lower cost solutions for our customers, while maintaining profitability.

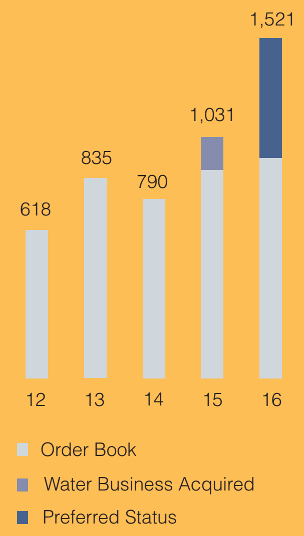
GROWTH IN OUR KEY MARKETS IS FIRMLY ON TRACK

Our order book and the pipeline of opportunities continues to strengthen and our recurring revenue base is also showing signs of growth.

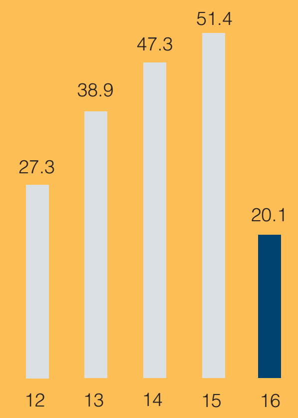
In recent months RCR has secured over $500 million in new and extended contracts bringing our current order book to $971 million. In addition, RCR is the preferred contractor on over $550 million in new projects, either currently under negotiation or under an early contractor involvement ("ECI") process.

By taking advantage of the rapid growth in renewable energy infrastructure, we have positioned RCR as a future leader in the design and construction of large photovoltaic solar and wind farm projects. Following completion of work on Australia's largest solar farm (54MW), we commenced work, under an ECI arrangement, with Origin Energy to create Australia's newest and largest solar farm (over 100MW). With the detailed design now well under way, we expect a full construction contract to be awarded in Q4 2016. Our forward pipeline for renewable energy projects looks very promising.

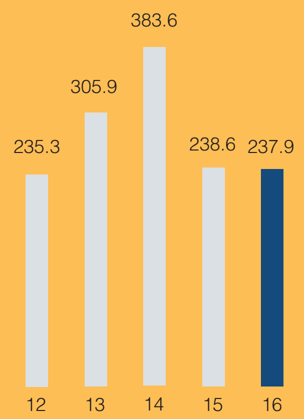
Order Book and Preferred Status - $M



Underlying NPAT - $M



Market Capitalisation - $M



We have signed a Memorandum of Understanding providing RCR with access to global leaders in 3D Metal Printing technologies. This relationship is opening opportunities to provide 3D metal printed components in the medical, aerospace and defence sectors as well as in our existing businesses. Our 3D printing capability continues to focus on the commercialisation of this technology and potential growth revenue streams.

RCR continues to target the significant pipeline of rail systems projects currently in the Australian and New Zealand markets. Recently, RCR was awarded a number of rail contracts including Hornsby Turnback, an extension to works on Sydney's Wynyard Station upgrade, new traction power works and provision of high voltage traction feeder supply upgrades. In addition, RCR was awarded a contract for a feasibility study for the commissioning of automated train protection equipment.

In the resources and energy sectors we continue to see good quality projects being developed. This is evidenced by the recent awards of major contracts for the construction of Rio Tinto's Silvergrass ore processing plant and Cape Lambert Power Station in WA, a processing plant at MMG's Dugald River Project in QLD and a new materials handling facility and mine infrastructure works for Newcrest's Cadia gold operations in NSW. These contracts firmly demonstrate RCR's position as a market leader in the engineering, procurement and construction of mineral processing plants in the mining and minerals sector.

Furthermore, we have expanded our water infrastructure capability and secured a number of water and waste water projects. Opportunities in this sector are emerging both nationally and internationally.

SAFETY PERFORMANCE

RCR is committed to the long term sustainability of its operations and seeks to be proactive in the markets in which we operate.

To achieve a key sustainability objective of improvement in our safety performance, we continue to focus on constructive behaviours that further strengthen our culture, and ultimately keep our people and the environment safe.

The recent introduction of a new safety awareness initiative has been designed to follow on from our "Safety Mates" program and will continue to improve our safety performance through positive action.

Our safety performance over the past year shows a strong reduction of 17% in our Total Recordable Injury Frequency Rate ("TRIFR").

FINANCIAL HIGHLIGHTS

Our business performed well, given the challenging environment over the past year, and as a result the Company reported an underlying profit of $20.1 million, which was above the average consensus and within our earlier guidance.

We also took decisive action to close 14 businesses tied to the coal and fabrication sectors and to reduce our head count by over 220 personnel. As a result RCR reported statutory earnings from continuing operations of $9.0 million.

Over 70% of our revenue is generated from the Infrastructure and Energy markets. For the past year RCR generated revenues from continuing operations of $891 million.

At year-end RCR's net debt position was $56 million with gearing of only 16% and over $216 million in cash and undrawn Banking and Bonding Facilities.

Financial Results from Underlying Operations	Measure	FY16	FY15
Key Metrics			
Revenue	$M	890.5	1,033.6
EBITDA	$M	49.2	89.1
EBIT	$M	28.1	69.4
EBIT Margin	%	3.2	6.7
NPAT	$M	20.1	51.4
Statutory NPAT from Continuing Operations	$M	9.0	47.4
Order Book and Preferred Contractor Status	$M	1,521.1	1,031.0
Operating Cash Flow (adjusted)	$M	45.2	81.3
Total Assets	$M	544.4	586.5
Net Debt	$M	55.6	12.2
Total Cash / Funding Facilities Available	$M	216.3	288.2
Key Ratios			
Cash Conversion of EBITDA	%	91.9	91.2
Effective Tax Rate	%	16.6	21.2
Gearing	%	16.2	3.7
Total Shareholder Returns - 5 years	%	21.5	143.1

Further details on our financial results and performance are set out in the Operating and Financial Review on page 30.

For personal use only

RCR will expand its **capabilities** through **innovation** and **technology**

OPERATIONAL PERFORMANCE

Infrastructure

During the year, the Infrastructure business generated revenues of $540 million, increased its brand and market presence and was awarded a number of major new contracts. This year saw our Infrastructure business lead the solar market by completing the largest solar plant in the southern hemisphere at Broken Hill in NSW.

The business continues to strengthen its backlog and is well-positioned to capitalise on emerging opportunities in the infrastructure sector, which include opportunities for rail, road and transport, renewable energy, infrastructure, telecommunications, power transmission and distribution, water, defence, and commercial property.

Energy

The Energy business generated revenues of $160 million and continues to increase its presence and the capability of its SE Asian engineering office which provides lower cost solutions for our clients.

In the coming year, we will commence construction of Rio Tinto's Cape Lambert Power Station in Western Australia. We also anticipate commencing work on up to two new power station projects including one in SE Asia and one as the sole preferred bidder for a 100MW open cycle power plant.

The business has a strong pipeline of opportunities for biomass fired boilers and power plant opportunities in Australia, New Zealand, Thailand and Indonesia.

Resources

The Resources business generated revenues of $244 million and completed construction works on the Roy Hill Iron Ore Project, under the direction of Samsung C&T and completed delivery of an in-pit iron ore plant for Rio Tinto's operations at Mesa J.

In May 2016, we were awarded a significant contract with MMG at its Dugald River Operation and more recently, we announced the award of an EPC contract for over $120 million to develop an ore processing plant and associated infrastructure for Rio Tinto's Silvergrass mine.

These projects further reflect RCR's position as a market-leader in the delivery of innovative major minerals processing plants.

Our Oil & Gas division continues to develop and build momentum, with new and repeat business, and has secured a number of blue chip clients in the sector, including significant work at Gorgon for Chevron. We will further invest in this business as we target larger opportunities.

The Resources business has a solid pipeline of opportunities and is focused on new and emerging resources projects in Australia and overseas. Using our intellectual property to develop innovative surface mining and materials handling solutions, we continue to drive down production costs and reduce risk for our clients.

OUR PEOPLE

As always, our success is dependent on the effort, capability and commitment of our people. Their dedication and support enables us to continue to deliver smart, cost-effective and innovative solutions to our clients. We continue to invest in the development of 142 apprentices and graduates, who will shape our future workforce.

SUSTAINING OUR FUTURE

As one of Australia's largest and most diversified engineering and infrastructure companies we are well-positioned to deliver sustainable earnings growth through existing businesses and by acquisition.

We are confident that RCR's multi-faceted strategic focus on innovation will deliver significant benefits to our clients.

In the coming year we will work diligently to convert the major pipeline of opportunities generated from increases in renewable energy, transport and general infrastructure spending in Australia and New Zealand and new power projects in SE Asia. We will also continue to lead the resources sector on individual project opportunities that enable us to provide cost effective innovative solutions for customers across a variety of commodities in both green and brown field environments.

Dr Paul Dalgleish
Managing Director & CEO

Review of Operations

Tunnel Infrastructure

Mechanical & Electrical installation of HV and LV distribution systems, lighting and power, air conditioning, ventilation and fire detection & suppression

Oil & Gas - Onshore and Offshore

Fully integrated offering providing construction, brownfield modification and asset lifecycle support services to both onshore and offshore facilities

Renewables - Solar & Wind

Extensive intellectual capital in the design & construction of large-scale renewable energy (solar & wind) generation assets

HVAC, Communications and E&I

End-to-end solutions for the design, fabrication, construction, installation and maintenance of HV electrical and instrumentation systems; HVAC; and communication & data networks

Turnkey Energy Generation

Design, supply, manufacture & installation of open cycle and combined cycle power plants and boilers, using a range of fuels and technologies

Rail Infrastructure

Specialist services in rail signalling design & installation, overhead wiring systems, computer-based interlocking systems and Automatic Train Protection (ATP)

SMP and E&I/Modular Construction

Innovative modular construction solutions and integrated Structural, Mechanical Piping, Electrical & Instrumentation packages

Innovative Mining Technologies

Design & manufacture of innovative, award-winning solutions, including fully track-mounted in-pit mining units, apron and belt feeders, conveyors, stackers and bucket-wheel excavators

Infrastructure

Leading provider of rail, transport, renewable energy, telecommunication, water, electrical and instrumentation, HVAC, property services and facilities management solutions

Energy

Technology leader in power generation and energy plants

Resources

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

RCR provides integrated solutions to the **infrastructure**, **energy** and **resources** sectors. With a long and proud heritage reaching back 118 years, RCR is today one of Australia's oldest and most diversified engineering and infrastructure companies.

As a member of the Novo Rail Alliance, RCR delivered the Auburn Junction upgrade for Transport for NSW.

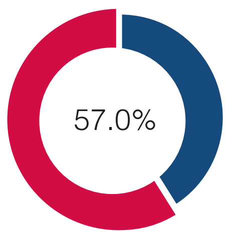
Revenue

$540M

EBIT

$24M

Revenue Contribution



O'DONNELLGRIFFIN established in 1906, is one of Australia and New Zealand's leading electrical and communications engineering solutions providers, operating across a diverse range of sectors including rail and transport, oil & gas, renewable energy, power, water, resources, infrastructure and telecommunications.

HADEN® is one of Australia's largest air-conditioning and mechanical engineering services companies. Haden has become synonymous with quality, technical expertise and innovation in the design, installation and maintenance of heating, ventilation and air-conditioning systems ("HVAC").

Resolve FM® established in 1969 is a leading provider of technical facilities management services in Australia and Vietnam.

OUR BUSINESS

RCR Infrastructure, through its key brands, *RCR, O'Donnell Griffin, Haden* and *Resolve FM*, provides engineering and infrastructure services throughout Australia, New Zealand, SE Asia and Vietnam.

The business' core capabilities include:

rail and transport; renewable energy; power, water & waste water; electrical instrumentation; telecommunication; fire & data systems; HVAC; facilities management.

THE YEAR IN BRIEF

The business with exposure to diverse markets and major rail, road and transport, water and power projects, continues to contribute significantly to RCR's earnings and future growth prospects.

The business delivered revenues of $540 million at an EBIT margin of 4.5% for FY16.

During the year, the business extended its position in the design and construction of large photovoltaic solar and wind farm projects.

The business significantly improved safety performance and secured key contract awards and renewals across all lines of business.

Major project activity during the year included:

- Rail - Hornsby Turnback, upgrade works to Wynyard Station in central Sydney, track, overhead wiring & signalling configuration and associated civil, building and power works. Upgrade of level crossings for Metro Trains Melbourne's rail network.
- Renewable Energy - construction and commissioning works for AGL's 53MW Solar Farm at Broken Hill and works under an ECI with Origin Energy on its proposed (over 100MW) Solar Farm at Darling Downs in QLD.
- Water - upgrade works at the Subiaco Waste Water Treatment Plant in WA and various water projects for Sydney Water under a Panel Agreement, including the award of an upgrade to the Picton Waste Water facility.
- HVAC - maintenance services on various telecommunication exchange networks including a major award for 5 years of maintenance for Visionstream.

Infrastructure

RCR Infrastructure is a leading provider of engineering and infrastructure services to the rail, road and transport, power, telecommunications, resources, industrial, water, commercial and property sectors in the Asia-Pacific region.

- Facilities Maintenance - service for Victorian Department of Health and Human Services and for a number of blue chip clients in Vietnam including Intel and JLL.

Taking advantage of our existing capabilities in the water sector, the business acquired in-house engineering and construction services from the Water Corporation of WA. The acquisition expands RCR's existing capabilities in water, enhancing our growth opportunities throughout Australia, New Zealand and SE Asia.

PROSPECTS

Both the HVAC business operated by Haden and the facilities management business operated by Resolve FM will continue to focus on opportunities for recurring long-term contracts in Australia, New Zealand and SE Asia.

The business is well placed to capitalise on emerging and larger opportunities in the infrastructure sector in Asia Pacific, which include opportunities for rail, road and transport, renewable energy, infrastructure, telecommunications, power transmission and distribution, water, defence, facilities management and commercial property.

Project Experience

Project: Rail Infrastructure
Client: Transport for NSW
Location: Sydney Metro area, NSW

RCR is a member of the Novo Rail Alliance, which has been servicing the rail network in NSW for over 8 years.

Project: Broken Hill Solar Farm
Client: AGL and First Solar
Location: Broken Hill, NSW

RCR completed the installation, testing and commissioning of over 680,000 photovoltaic modules at AGL's 53 MW solar power station in Broken Hill.

Project: Picton Water Treatment Plant Upgrade
Client: Sydney Water
Location: Sydney, NSW

RCR is completing a major upgrade that includes construction of a new inlet works, biological process tanks and associated infrastructure.

RCR Proprietary HRSG Technologies designed, supplied and installed at BHPB's Yarnima Power Plant, WA.

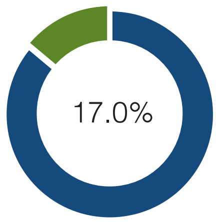
Revenue

$160M

EBIT

$2M

Revenue Contribution



OUR BUSINESS

RCR Energy provides turnkey power generation plants and maintenance services across a diverse range of industries.

Power Generation - provides integrated solutions for power generation and thermal energy plants, components and systems, utilising advanced technologies for a range of conventional and renewable fuels.

Service and Maintenance - provision of shut downs, planned maintenance and plant refurbishment services to major utility power stations as well as process industries and oil & gas producers. These services are supported by a network of service centres and facilities across Australia, SE Asia and New Zealand.

Laser Cutting - provision of advanced, high-precision laser cutting technologies.

THE YEAR IN BRIEF

RCR's Energy business operates as one of the largest power station construction, maintenance and shutdown contractors in Australia and New Zealand and has expanded into SE Asia.

The business delivered revenues of $160 million including $40 million of recurring revenue in our energy service business for FY16.

In the first half of the year, the business completed major maintenance work on two 500MW coal fired boilers at AGL's Liddell Power Station in the Hunter Valley, NSW. The success of this project continues to see RCR complete the boiler outages for AGL. Other major maintenance activities during the year included work at the Eraring Power Station for Origin Energy, Gladstone Power Station, Bayswater Power Station in NSW, Millmerran and Condamine Power Stations in QLD, Northern Power Station at Port Augusta and Torrens Island Power Station in SA.

In April 2016, the business was awarded a contract with Rio Tinto for the construction and commissioning of the Cape Lambert Power Station in the Pilbara region of WA. The scope of work includes overall project management, construction, commissioning and performance testing of an 80MW Gas Turbine based Open Cycle Power Plant.

Other key activities included the design and construction of a 53MW natural gas fired boiler for Fonterra and a new 20MW coal fired boiler for Synlait Milk in New Zealand; final commissioning of a biomass fired boiler for Nestle's plant in the UK; and upgrade works on a 53MW gas fired boiler for Stanwell Corporation's Tarong Power Station.

The Company's national laser cutting business also invested in new generation fibre laser cutting machine and brake press equipment, as part of its expansion.

Energy

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

PROSPECTS

The business continues to target projects where its in-house technology provides a significant advantage in the core markets of Australia, New Zealand and SE Asia.

In the coming year, the business will commence work on Rio Tinto's Cape Lambert Power Station and subject to successful contract award, is anticipating to commence work on up to two new power station projects. This includes a project to construct a new 100MW open cycle power plant, where RCR has been selected as the sole preferred contractor.

Project Experience

Project: Overhaul of 2x500MW Coal Fired Boilers & Auxiliary Equipment

Client: AGL Macquarie

Location: Liddell Power Station, NSW

RCR has performed work at the Liddell Power Station since 2007.

Project: Sino Iron Combined Cycle Power Station

Client: CITIC Pacific Mining

Location: Pilbara, WA

Engineering, procurement and construction of a 450MW combined cycle steam and gas turbine power station.

Project: Thai Oil Refinery - Heat Recovery Steam Generators

Client: CTCI Corporation/ Thai Oil

Location: Sriracha, Thailand

Design, supply and commissioning of Heat Recovery Steam Generators for the combined the cycle co-generation plant at the Thai Oil Refinery power station.

SMP and E&I works at the Roy Hill Iron Ore Project, WA.

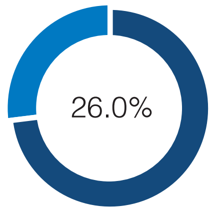
Revenue

$244M

EBIT

$13M

Revenue Contribution



OUR BUSINESS

RCR Resources is a leading provider of turnkey engineering, procurement, construction ("EPC") services and has a strong track record of delivering projects in the mining, minerals and oil & gas sectors, on time and within budget.

RCR's integrated EPC model allows it to deliver full lifecycle services supported by in-house construction for structural, mechanical and piping, electrical and instrumentation ("SMP and E&I"), fabrication and commissioning capabilities.

RCR has its own surface mining and bulk materials handing technologies. RCR's extensive range of technology solutions includes Apron and Belt Feeders, Conveyors, Bucket Wheel Excavators, Stackers, Reclaimers, Spreaders, Sizers, Scrubbers, Screens, Mobile In-Pit Crushing and Conveying and other Continuous Mobile Mining Solutions.

The business' capabilities are complemented by a comprehensive range of specialist off-site engineering services in heavy machinery repairs, heat treatment services, fabrication, shutdown, refurbishment and maintenance services. These specialist services are provided through an extensive national network of regional workshops.

THE YEAR IN BRIEF

The business generated revenue of $244 million and achieved an EBIT margin of 5.1% for FY16.

During the year the business completed major SMP and E&I works on the Roy Hill Iron Ore Project, where during the peak period, we employed over 700 personnel.

Other major project activity during the year included:

- Newcrest's Cadia East Operation - SMP and E&I installation works at Con 1 & 2 and Fluoride treatment.
- Rio Tinto - Design and supply of an iron ore sizing plant for the Mesa J Operation.
- Chevron operated LNG Gorgon Project - construction support activities.
- Wheatstone - Heat treatment works for offshore floating platforms.
- SITA - composter manufacture, installation and commissioning for a waste management facility in WA.

Significant contract awards late in FY16 include:

- MMG Dugald River - SMP and E&I for minerals processing facility.
- 5 year maintenance agreement with BHP Billiton.

On 15 August 2016, RCR was awarded a $120 million EPC contract with Rio Tinto for the development of the Silvergrass mine. Construction is expected to commence in late 2016.

Resources

RCR Resources is a market-leader in turnkey engineering, procurement and construction expertise to the **minerals**, **mining** and **oil & gas** sectors and a provider of innovative materials handling solutions.

PROSPECTS

The business continues to focus on new and emerging natural resources projects in Australia and overseas. RCR is using its intellectual property to develop innovative surface mining and materials handling solutions to drive down production costs. As a key growth target, oil & gas sector work continues to develop with repeat business and new prospects and clients being added to the portfolio.

With a healthy forward pipeline of opportunities, the business will continue to have a solid recurring revenue base for engineering, SMP and E&I construction, off site repairs and heat-treatment services.

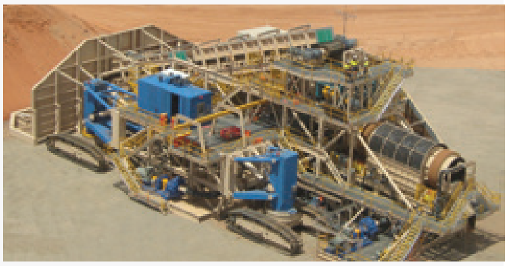
The core strategy of the business is to continue to expand its integrated EPC service offering across its market segment, with an engineering-led approach to solution generation along with a continued focus on innovative solutions and construction productivity improvement.

Project Experience

Project: Roy Hill Iron Ore Processing Facility
Client: Samsung C&T / Roy Hill
Location: Pilbara, WA

RCR provided SMP and E&I works for construction of the Roy Hill ore processing facility and associated mine infrastructure. RCR also supplied its own proprietary apron and belt feeders.

Project: In-Pit Mobile Mining Crushing & Conveying Plant
Client: Iluka Resources
Location: Jacinth Ambrosia, SA



ENGINEERING EXCELLENCE AWARDS
ENGINEERS AUSTRALIA
WINNER WESTERN AUSTRALIA 2010

RCR track-mounted in-pit mobile mining unit. This innovative and award-winning, plant includes an ore recovery and full in-pit primary processing unit and sophisticated relocation system.

Project: Chevron - Gorgon LNG Plant
Client: CB&I and Kentz JV
Location: Barrow Island, WA

RCR provided SMP and E&I works to support construction and commissioning works on the Chevron-Operated Gorgon LNG Plant.

Sustainability

We continue to implement health and safety initiatives which improve our **safety performance**.

SAFETY

At RCR, safety is our first priority. RCR encourages all employees to strive toward our goal of an injury free workplace.

This requires continuous improvement that is initiated through workplace health and safety leading KPI's that specifically target reductions in work-related injuries. RCR expects all employees to take individual and company-wide responsibility for safety as they carry out their daily activities. This is supported by comprehensive safety management processes that promote and focus on individual task risk/hazard assessments and implementation of controls.

Across the group, RCR also measures lagging indicators such as TRIFR and lost time injury frequency rate ("LTIFR") to monitor our historical safety performance. RCR's TRIFR reduced by 17% in FY16 from 10.13 to 8.37.

RCR maintained AS/NZS4801 certification and is working to further improve its safety management systems. The initiatives target a high level of workplace health and safety performance.

Safety Highlights

18 years

LTI free
RCR Mining
RCR Heat Treatment, WA

12 years

LTI free
RCR Energy Service, Notting Hill, VIC

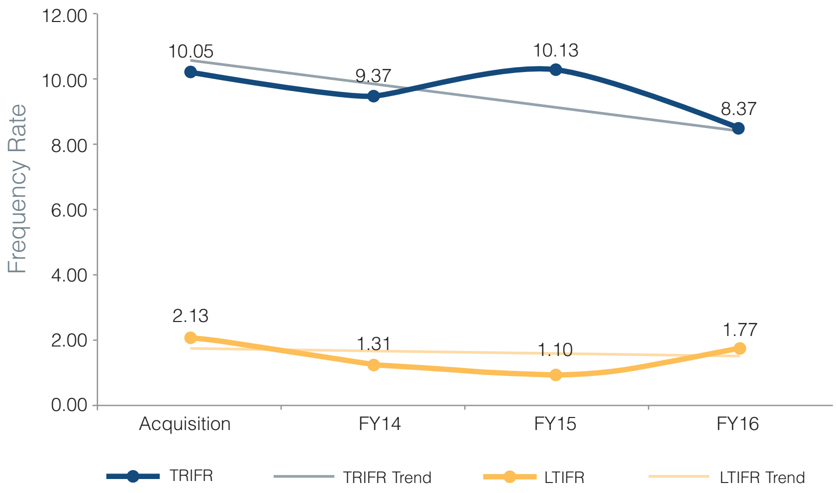
11 years

LTI free
RCR Laser, WA

8 years

LTI free
RCR Energy, New Zealand

Safety Performance



RCR fabrication, installation and E&I works for the Composter - Neerabup Treatment Plant, WA.

Federal Safety Commission ("FSC") Accreditation

FSC accreditation was successfully granted for the O'Donnell Griffin and the Resolve FM businesses, for a further three years. The FSC accreditation enables RCR to work as a prime contractor with Federal Government Organisations such as Defence and ARENA.

Safety Indicators

- 576,147 Take 5 actions completed
- 36,364 Tool Box & Pre-start meetings conducted
- 24,367 Safe Acts Observations conducted
- 26,360 Job Safety Hazard Analyses completed

ENVIRONMENT

RCR's operations are subject to various Commonwealth and State laws governing the protection of the environment. 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) Measure 1998 ("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 is below the threshold for reporting on carbon emission.

QUALITY AND MANAGEMENT SYSTEM

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

In the coming year we will promote and monitor compliance to RCR's policies and procedures and to maintain AS/NZS ISO 9001:2008 quality system certifications across RCR by conducting regular internal and external audits.

We will also invest in extending the functionality of the RCR Management System to improve control, quality and consistency of our business systems.

Rail Accreditation - Authorised Engineering Organisation ("AEO")

RCR's rail business, operated through O'Donnell Griffin and the Novo Rail Alliance, continues to meet the requirements of the industry's Authorised Engineering Organisation status.

The AEO program is intended to improve the ability of the public and private sector to collaboratively deliver and maintain NSW rail network assets safely and more efficiently.

Oil & Gas Certifications

In August 2016, the Company's Achilles accreditation was successfully renewed for a further two years. As an accredited Achilles supplier RCR is able to access customers in the oil and gas sector and this is essential for growth in our Resources business.

RCR has also successfully maintained certification to ISO 29001:2010 for oil & gas services and certification to API Spec 7-1 and is a supplier member on the Achilles/FPS Oil & Gas Asia Pacific panel.

NABERS 5 & 6 Star Accreditations

The Haden business has continued to develop and execute a number of leading edge commercial building HVAC solutions, that have maintained our reputation of achieving 5 and 6 star NABERS ratings.

People and Social Responsibility

We value our people, actively encourage innovative thinking and reward those who strive to deliver high performance.

PEOPLE

RCR has long understood that the foundation of our success is underpinned by the effort, innovation, capability and commitment of our people. We recognise that the ongoing support and development of our people enables us to continue to deliver smart, innovative solutions across diverse sectors.

RCR strives to maintain our strong and stable workforce and to maintain our competitive advantage by self performance of delivery and developing and retaining talent. RCR has a culture of rewarding merit and valuing and empowering employees, commitment to delivering on promises and advocating innovation.

Apprentices and Traineeships

RCR has a longstanding and well-developed apprentice program. The program currently supports the career ambitions of 142 apprentices and trainees throughout Australia and New Zealand.

With apprenticeships and traineeships embedded in all aspects of our business, this investment in our future generation of employees represents the foundation and future of RCR's skilled and stable workforce and key supervision.

Diversity

RCR recognises the value of a diverse and inclusive workforce that is reflective of the areas and environments in which we operate.

The diverse backgrounds, expertise and perspectives of RCR's people sustain and grow our business by providing diverse solutions to our ever changing, fast paced and challenging markets.

We are keen to enhance the visibility and profile of diversity within our workforce and are committed to the principle of Equal Employment Opportunity.

RCR strives to build a diverse workplace at all levels, by actively promoting diversity and equal opportunity.

Indigenous Participation

RCR actively promotes indigenous participation in the workforce. We respect and value Indigenous Australians and strive to increase and retain our indigenous workforce.

Demonstrating our commitment to the creation of economic opportunities for indigenous Australians, RCR has partnered with the Ballardong Group to increase indigenous participation rates in government, resource and construction projects awarded to RCR.

The Ballardong Group is an indigenous company specialising in project delivery and engineering services and RCR is keen to embrace the opportunities that this initiative will deliver to the business and its workforce.

Novo Rail Alliance - Pulling HV cabling into substation, NSW.

SOCIAL RESPONSIBILITY

RCR's stewardship of its social responsibilities is evidenced in our commitment to conducting business with integrity.

Fundamentals embedded in every aspect of RCR's operations and our employees' behaviours are set out in the company's Code of Conduct, and through our Policies on Risk Management, Safety, Diversity, Anti-Bribery and Corruption, Whistleblowing and Environment.

These fundamentals are underpinned by a robust delegation-of-authority framework and the Company's core value 'to act with integrity in all aspects of our businesses.

Community

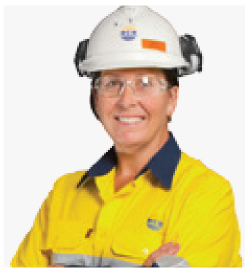
It is RCR's firm belief that long-term relationships with local communities are essential to business success. With operations at more than 100 locations, the communities in which we operate are many and varied.

RCR advocates active participation in these communities and we strive to provide tangible benefits and positive outcomes.

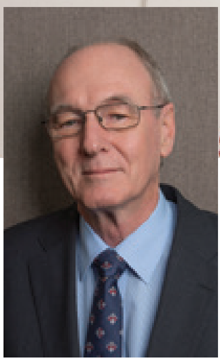
Over the past year, we have continued our support of young people in the community. We consider our contribution to the health and wellbeing of young people in the community an investment in future success.

RCR also provided support to Ronald McDonald House as a major contributor. We supported a variety of local charities and educational and sporting programs. Many of these programs allow our employees to participate and raise money for worthwhile organisations, including the Royal Flying Doctors Service, Police and Community Youth Centres and the Activ Foundation.

Internationally, RCR continues its support of WaterAid, a global charity whose activities are focused on improving access to safe water, hygiene and sanitation for communities, offering the chance to support a tangible, life-changing initiative for those in need.



Board of Directors and Executive Management



Mr Roderick Brown,
AWASM, MAICD, AusIMM

Independent Non-Executive Director and Chairman

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.

Dr Paul Dalgleish,
DBA, MA, BEng (Hons), FIEAust, MAICD

Managing Director and Chief Executive Officer

SKILLS AND EXPERIENCE

Dr Dalgleish is a professional engineer, holding a Doctorate in Business and an Honours Degree in Engineering.

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.

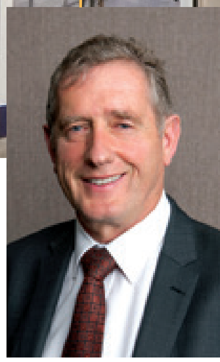
Ms Eva Skira,
BA (Hons), MBA, SF Fin (Life Member), FAICD, FAIM, FGIA

Independent Non-Executive Director

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 has served on a number of Boards across a range of industries. Ms Skira is currently Chairman of the Water Corporation of WA, a Non-Executive Director of Macmahon Holdings Limited and Chairman of Trustees of St John of God Healthcare Inc.



Mr Paul Dippie,
NZCE, MAICD

Independent Non-Executive Director

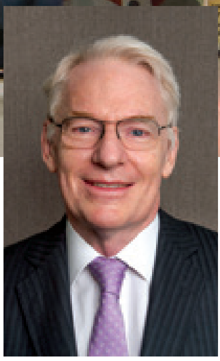
SKILLS AND EXPERIENCE

Mr Dippie is an engineer by profession. He is the 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.

He is a director of a number of New Zealand based private companies related to his private interests.

RCR, as part of the Novo Rail Alliance, is delivering the Wynyard Station upgrade in Sydney, NSW.



Mr Lloyd Jones,
BEng, MBA, GAICD

Independent Non-Executive Director

SKILLS AND EXPERIENCE

Mr Jones is an engineer with significant experience in mining, energy, construction, heavy industrial operations, finance and mergers & acquisitions.

During his 25 year career at Alcoa, Mr Jones held senior management roles in Australia, USA, Japan and China. Most recently, he served as President of Cerberus Capital Management's Asia Advisory Unit and as Deputy Chairman of Doric Group. Mr Jones is presently a Director of the Myer Family Investments and BlueScope Steel Limited and an advisory Director at Deutsche Bank of Australia.

He is also a member of the advisory committee to the Dean of Engineering, Mathematics and Computer Science at UWA.

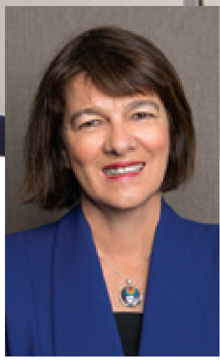
Mr Bruce James,
BEng (Civil), MAICD

Independent Non-Executive Director

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.



Ms Sue Palmer,
BCom, CA, FAICD

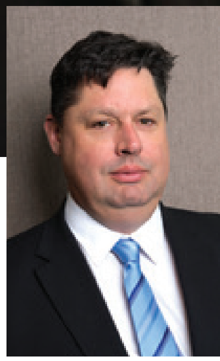
Independent Non-Executive Director

SKILLS AND EXPERIENCE

Ms Palmer is a Chartered Accountant by profession and has over 30 years of experience in financial roles.

Ms Palmer has extensive 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. Ms Palmer is currently a director of New Hope Corporation, Charter Hall Retail REIT and METS Ignited.



Andrew Phipps,
CPA, MAICD

Chief Financial Officer

SKILLS AND EXPERIENCE

Mr Phipps has over 20 years experience in large contracting and engineering companies with complex infrastructure, resources and energy portfolios.

Mr Phipps has a strong financial and operational background and has been Chief Financial Officer of RCR Tomlinson for 3 years. Prior to this, recent roles have included Executive General Manager Finance at UGL's Engineering business, prior to that he held the position of Executive General Manager Finance with UGL's Infrastructure and Rail business.

Financial Report 2016

RCR fabrication, installation and E&I works for the Composter - Neerabup Treatment Plant, WA.

Directors' Report

The Directors of RCR Tomlinson Ltd ("RCR" or "the Company") present their Directors' Report (including the Remuneration Report) together with the Financial Report of the Company for the year ended 30 June 2016 ("FY16").

The Company is an entity limited by shares that is incorporated and domiciled in Australia.

Board of Directors

The qualifications of the Directors are set out on pages 26 and 27.

		Securities Interest in RCR[1]			
Director and Qualification	Term of Office	Interest in Ordinary Shares	Interest in Performance Rights	Australian Listed Company Directorships	Former Australian Listed Company Directorships over the Past Three Years
Independent Non-Executive Director & Chairman					
Mr Roderick Brown *AWASM, MAICD, AusIMM*	Director since 18 October 2005 Chairman since January 2008	136,500	Nil	No Directorships held in other listed companies	Nil
Managing Director & Chief Executive Officer					
Dr Paul Dalgleish *DBA, MA, BEng (Hons), FIEAust, MAICD*	Chief Executive Officer since 25 May 2009 Managing Director since 20 October 2011	8,318,767[2]	1,679,600	No Directorships held in other listed companies	Nil
Independent Non-Executive Directors					
Ms Eva Skira *BA (Hons), MBA, SF Fin (Life Member), FAICD, FAIM, FGIA*	Director since 26 May 2008	Nil	Nil	Macmahon Holdings Limited, Non-Executive Director since 26 September 2011	Nil
Mr Paul Dippie *NZCE, MAICD*	Director since 23 March 2007	600,000	Nil	No Directorships held in other listed companies	Nil
Mr Lloyd Jones *BEng, MBA, GAICD*	Director since 20 November 2013	20,000	Nil	BlueScope Steel Limited, Non-Executive Director since 29 September 2013	Nil
Mr Bruce James *BEng (Civil), MAICD*	Director since 28 January 2014	10,000	Nil	No Directorships held in other listed companies	Nil
Ms Sue Palmer *BCom, CA, FAICD*	Director since 21 August 2014	Nil	Nil	New Hope Corporation Limited, Non-Executive Director since 1 November 2011 Charter Hall Retail Management Limited, Non-Executive Director, since 10 November 2015	Nil

1 Securities Interest in RCR – Detail on the relevant interests in RCR are as at the date of this Report and as notified by the Directors to the Australian Securities Exchange ("ASX") in accordance with s.205G(1) of the *Corporations Act 2001*.

2 Dr Paul Dalgleish's relevant interests include 159,985 ordinary shares which are classified under the Company's Short-Term Incentive Plan as STI Deferred Shares (as set out in Table 9 in the Remuneration Report) and are held by CPU Share Plans Pty Ltd in trust for Dr Dalgleish. These STI Deferred shares are subject to trading restrictions.

Board Meeting Attendance

Particulars of the number of meetings of the Board of Directors of the Company 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		Other Committee Meetings		Audit and Risk Committee		Remuneration and Nomination 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	8	8	2*	-	6	6
Paul Dalgleish	10	10	7	8	5*	-	4*	-
Eva Skira	10	10	6	6	2*	1	6	6
Paul Dippie	10	10	5*	4	5	5	-	-
Lloyd Jones	10	10	6	6	2*	-	6	6
Bruce James	10	10	5*	4	5	5	-	-
Sue Palmer	10	10	4	4	5	5	-	-

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

Operating and Financial Review ("OFR")

The information reported in this OFR should be read in conjunction with the Review of Operations on pages 14 to 21.

The OFR sets out, in the opinion of Directors and at the date of this Report, the information that shareholders would reasonably require to assess the Company's operations, financial position, business strategies and prospects for future financial years.

The information reported in this OFR contains non-IFRS financial indicators to assist in understanding the Company's performance. Underlying Earnings are a key financial indicator used to reflect greater understanding of the Company's underlying business performance. Underlying Earnings are derived from statutory profit after certain adjustments which reflect the Directors' assessment of the results for the ongoing business activities and performance of the Company.

Principal Activities

RCR is one of the leading diversified engineering and infrastructure companies in Australia, providing turnkey integrated solutions to clients in the infrastructure, resources and energy sectors. RCR's operations are strategically located in key markets across Australia, New Zealand and Asia.

RCR operated through three business units during FY16 – Infrastructure, Energy and Resources. Commentary on the financial performance of each business unit is provided below and in the Review of Operations.

Infrastructure – RCR Infrastructure is a leading provider of rail and transport, renewable energy, water, electrical, HVAC, oil & gas and technical facilities management services. The business operates through the key brands of RCR, O'Donnell Griffin, Haden and Resolve FM.

The business' core capabilities encompass; electrical and instrumentation services; railway signalling and overhead wiring systems; renewable systems (solar and wind); power generation, transmission and distribution systems and generator maintenance; high voltage cabling, switchboards and process control instrumentation; fire and data communication 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, SE Asia and Vietnam.

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.

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 and heat treatment services to off-site repairs ("OSR") and maintenance of heavy engineering equipment. The business also operates a number of regional workshops across WA (including the Pilbara region), SA, QLD and NSW.

Review of Group Performance

Summary of the Company's operating and financial performance for the 12 months ended 30 June 2016:

- LTIFR of 1.77.
- Order Book at $971 million which includes Silvergrass project awarded 15 August 2016 (June 2015: $1,031 million which includes $150 million relating to the ECS acquisition).
- Preferred contractor status of approximately $550 million.
- Revenues of $891 million from continuing operations (FY15: $1,034 million).
- Statutory Loss of $16.2 million (FY15 NPAT: $39.1 million). This includes discontinued operations and non-recurring items.
- Underlying EBIT of $28.1 million (FY15: $69.4 million) on EBIT margins of 3.2% (FY15: 6.7%). Underlying EBIT was lower than the previous year reflecting challenging markets and delay in contract awards.
- Underlying NPAT of $20.1 million (FY15: $51.4 million).
- Statutory Profit after Tax from continuing operations of $9.0 million (FY15 NPAT: $47.4 million).
- Net Debt of $55.6 million (June 2015: $12.2 million), representing a gearing ratio (Net Debt/(Net Debt + Equity)) of 16.2% (June 2015: 3.7%).
- 5 Year Total Shareholder Returns ("TSR") of 22%.

Summary of Results

On 4 April 2016, the Company announced that it had completed a review of its strategy for current and future markets in the Infrastructure, Energy and Resources sectors. As a result of the review, it was determined that the continued pressure on some commodity prices and the general slowness in capital spend, in both private and government projects, meant some operations were deemed not economically viable. The Company closed 14 local branches primarily associated with services to the coal sector and two international, unprofitable businesses.

As part of the business reorganisation, the Company reduced its fixed overhead in the form of people and operations and amalgamated a number of operations across Australia and New Zealand. This was to ensure a more competitive offering and significant cost savings for the Company.

The Company reported one-off losses before tax for discontinued operations of $36.0 million and other non-recurring costs of $14.3 million. Further, the Company expensed $1.2 million of transactions costs related to the WA Water business acquisition.

FY15 comparatives have been presented on a consistent basis to FY16.

Summary of Results from Continuing Operations

The below table summarises the movements between statutory profit from continuing operations to underlying profit:

FY16	Underlying Operating Result $'000	Restructuring Costs $'000	Legacy Legal & Claim Costs $'000	Transaction Costs $'000	Capital Management Initiatives[1] $'000	Statutory Result from Continuing Operations $'000
Revenue	890.5	-	-	-	-	890.5
EBITDA	49.2	(9.7)	(4.6)	(1.2)	-	33.7
Depreciation and Amortisation	(21.1)	-	-	-	-	(21.1)
EBIT	28.1	(9.7)	(4.6)	(1.2)	-	12.6
Net Interest	(4.0)	-	-	-	-	(4.0)
Tax	(4.0)	2.9	1.4	0.1	-	0.4
Net Profit/(Loss) after Tax*	20.1	(6.8)	(3.2)	(1.1)	-	9.0
FY15						
Revenue	1,033.6	-	-	-	-	1,033.6
EBITDA	89.1	(6.6)	(1.7)	-	2.6	83.4
Depreciation and Amortisation	(19.7)	-	-	-	-	(19.7)
EBIT	69.4	(6.6)	(1.7)	-	2.6	63.7
Net Interest	(4.2)	-	-	-	-	(4.2)
Tax	(13.8)	2.0	0.5	-	(0.8)	(12.1)
Net Profit/(Loss) after Tax*	51.4	(4.6)	(1.2)	-	1.8	47.4

(Non IFRS information, unaudited)

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

[1] In FY15, the Company recognised profit on the sale of properties of $16.3 million less obligations under the leaseback contracts which resulted in a profit of $13.1 million. Further, there were non-recurring capital management initiatives and business rationalisation costs totalling $10.5 million.

Business Unit Performance from Continuing Operations

During the year, RCR operated its business in three core units, namely Infrastructure, Energy and Resources.

The results of each business for the year are summarised below and in the Review of Operations on pages 14 to 21.

	Revenue		EBIT		EBIT Margin	
Business Unit	FY16 $M	FY15 $M	FY16 $M	FY15 $M	FY16 %	FY15 %
Infrastructure	539.7	607.9	24.3	42.9	4.5%	7.1%
Energy	159.5	161.8	1.5	7.9	0.9%	4.9%
Resources	244.4	299.9	12.5	27.9	5.1%	9.3%
Inter Business Sales	(53.1)	(36.0)	-	-	-	-
Revenue and EBIT	890.5	1,033.6	38.3	78.7	4.3%	7.6%

Infrastructure Business

The Infrastructure business delivered Revenues from continuing operations of $539.7 million (FY15: $607.9 million) and an EBIT margin of 4.5% (FY15: 7.1%) on Earnings of $24.3 million for FY16 (FY15: $42.9 million).

During the year, RCR acquired the ECS business from WA Water Corporation which strengthened the Company's existing capabilities in water and waste water solutions.

RCR's investment in the renewables sector has resulted in significant opportunities within both the solar and wind generation markets. On 21 March 2016, RCR announced it had been awarded an ECI to develop a solar farm for Origin Energy at Darling Downs.

Infrastructure has a pipeline of opportunities in rail, transport, renewables, facilities management and water. The business also has a solid recurring Revenue base for HVAC, water, electrical maintenance works and facilities management.

Energy Business

The Energy business delivered Revenues in FY16 of $159.5 million, which were lower than last year (FY15: $161.8 million) and an EBIT margin of 0.9%. The commencement of the Senipah project was delayed and is subject to the signing of the Power Purchase Agreement ("PPA"). Upon finalisation of the PPA, RCR expects the project to commence.

The Energy business is preferred on a number of prospects in its core Australian, New Zealand and SE Asian markets. RCR expects to enter into contracts for these prospects in the coming period. The Energy Service, Laser, and Upgrades and Maintenance divisions continue to make positive contributions to performance and generate solid recurring Revenues.

Resources Business

The Resources business delivered Revenue from continuing operations of $244.4 million (FY15: $299.9 million) and an EBIT margin of 5.1%.

During the year RCR completed work on the Roy Hill Iron Ore Project under the direction of Samsung C&T in March 2016.

The business is tendering on new medium term projects in Australia and overseas in the iron ore, mineral sands, coal, copper and gold markets. OSR, heat treatment and maintenance activities in Welshpool and regional workshops continued to generate recurring Revenues during FY16.

On 15 August 2016, RCR was awarded a contract valued over $120 million with Rio Tinto for the Silvergrass mine. The project scope of work includes the engineering, procurement and construction of a new primary crusher, 9km of overland conveyer and associated 33kv powerline. Construction is expected to commence on site in Q4 of 2016, following Rio Tinto gaining the necessary government approvals.

People and Safety

The Company's business is built on the efforts and capability of its employees. Accordingly, the health and safety of the Company's workforce is its first priority.

The Company and its subsidiaries employed 3,092 employees as at 30 June 2016 (June 2015: 3,817). Under RCR supervision, there are 142 apprentices and trainees.

The Company's focus on safety culture has resulted in a LTIFR of 1.77 for the rolling 12 month period ending 30 June 2016. RCR's objective of zero harm requires continuous improvement to achieve reductions in work-related injuries.

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Operating Cash Flow from Continuing Operations

The below table summarises the movements between operating cash flow from continuing operations to underlying operating cash flow:

	FY16 $M	FY15 $M
EBIT from Continuing Operations	12.6	63.7
Add: Depreciation and Amortisation	21.1	19.7
Add: Restructuring Costs	9.7	6.6
Add: Legacy Legal and Claim Costs	4.6	1.7
Add: Transaction Costs	1.2	-
Add: Capital Management Initiatives	-	(2.6)
Underlying EBITDA	49.2	89.1
Operating Cash Flow from Continuing Operations	13.2	42.2
Add: Interest Paid	4.1	5.2
Add/(Less): Tax Paid/(Received)	0.9	(1.9)
Add: Acquisition Working Capital	3.2	-
Add: Restructure costs	11.1	11.9
Add: Legacy Legal and Claim Costs	1.9	1.1
Add: Transaction Costs	1.2	-
Add: Resources prepayment movement	-	3.0
Add: Infrastructure prepayment movement	-	14.4
Add: Other working capital movements	9.6	5.4
Underlying Operating Cash Flow	45.2	81.3
Underlying EBITDA conversion	91.9%	91.2%

(Non IFRS information, unaudited)

Net Assets

Net assets reduced to $288.0 million (June 2015: $316.1 million) on the back of the business reorganisations and cost reduction program. Further, dividends paid in FY16 amounted to $13.0 million.

Securities on Issue and Share Buy-Back

At 30 June 2016, there were 139,963,412 fully paid ordinary shares and 4,124,920 performance rights on issue.

During the year, the Company continued with its on market share buy-back. A total of 774,457 shares amounting to $1.3 million were purchased (FY15: 255,353 shares at a cost of $0.6 million).

Acquisitions

On 31 August 2015, RCR acquired the ECS business from WA Water Corporation for a purchase price of $10.4 million. As part of the acquisition, RCR will be awarded a minimum of $130 million in new capital works over the next three years by the Water Corporation and will be invited on a select bidder basis to tender for additional works over a two year period, with the prospect for this term to be extended. Acquisition related costs of $1.2 million were expensed during the year. The working capital required to support the WA Water business amounted to $3.2 million as at the end of FY16.

Net Debt and Liquidity

At 30 June 2016, Net Debt increased to $55.6 million (30 June 2015: $12.2 million), with a gearing ratio of 16.2% (30 June 2015: 3.7%). Net Debt at 30 June 2016 comprised $15.6 million cash in hand and $71.1 million in borrowings comprising of bank borrowings.

Key Ratios	Measure	FY16	FY15
Net Debt	$M	55.6	12.2
Available Cash	$M	85.6	124.2
Gearing Ratio	%	16.2	3.7

Banking and Insurance Bonding Facilities

The Company has financing arrangements in place with the Commonwealth Bank of Australia Limited. The Banking Facility expires at the end of November 2017.

The Banking Facility, together with Insurance Bonding Facilities, provides RCR with access to ongoing working capital for RCR's operations.

The Banking Facility comprises:

- a senior debt facility of $41.3 million;
- a multicurrency contingent instrument facility of $95 million, which includes trade finance and bank guarantee facilities; and
- a multi option facility of $100 million, for working capital, which includes overdraft, cash advance and business card facilities.

The Company has insurance bonding facilities totalling $150 million.

At 30 June 2016 the Company has access to $216.3 million of cash and funding facilities.

Funding Summary	FY16 $M	FY15 $M
Senior Debt and Working Capital	236.3	231.3
Insurance Bonding Facilities	150.0	150.0
Total Facilities	386.3	381.3
Less: Senior Debt Utilised	41.3	61.3
Less: Cash Advance Utilised	30.0	-
Less: Non-cash Facilities Utilised	114.3	81.0
Available Facilities	200.7	239.0
Add Cash	15.6	49.2
Total Cash/Funding Facilities Available	216.3	288.2
Facility Utilisation	48.0%	37.3%

Dividends

In respect of FY16, the Directors did not declare a Final Dividend (FY15: Final Dividend of 7.5 cents per share).

Details on dividends paid in FY16 and FY15 are as follows:

Interim Dividend for FY16 of 1.75 cents per share unfranked and paid on 6 April 2016	2.5	-
Final Dividend for FY15 of 7.50 cents per share franked at 20% and paid on 8 October 2015	10.5	-
Interim Dividend for FY15 of 3.50 cents per share fully franked and paid on 7 April 2015	-	4.9
Final Dividend for FY14 of 7.00 cents per share fully franked and paid on 3 October 2014	-	9.7
Total	13.0	14.6

Business Strategies and Prospects for Future Financial Years

In line with previous years, the Company has developed 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 the business.

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

The Company's overall strategy is to continue to diversify our business, through an engineering led approach, using innovation and technology to provide cost competitive solutions for our clients and deliver long-term shareholder returns.

The Company's strategy is focused on both organic and acquisition opportunities. The Board regularly reviews potential acquisition targets, which have the ability to create value for shareholders.

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

The Company sees opportunities in the large infrastructure markets, particularly in rail, renewable energy, water and transport, which includes services in engineering, procurement and construction across new capital projects, maintenance, and operational support services.

The Company's strategy includes building capability and leveraging technologies to enable it to deliver larger projects in its core markets and move into new market sectors and services and geographical markets such as SE Asia.

Equally, the Company will continue to develop its energy and resources service offerings, which include engineering, procurement and construction, maintenance, and operational support services. Core to RCR's business is its capability to deliver large scale projects both on a reimbursable and lump sum basis, the provision of front-end engineering design and detailed engineering for its own proprietary equipment and technologies. A core strategy includes growing the Company's capabilities and service offering into the oil & gas sector in Australia and overseas.

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

To support RCR's strategic objectives, RCR seeks to continually improve its safety performance to achieve its goal of an injury free workplace.

Prospects

While recognising the specific challenges in the markets in which the Company operates, the Company expects its diversification across sectors (infrastructure, energy and resources) and geographic regions (Australia, New Zealand and SE Asia) will enable it to capitalise on any future emerging opportunities.

The Company's growth strategy also includes targeting growth through acquisition opportunities that provide value for shareholders.

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

The Company's short-term focus is on securing Revenue for the future periods and continuing to drive down costs through improved project execution.

Material Risks

The Company 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 the Company's risk management framework, refer to 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 the Company's control.

The risks could, individually or together, have an adverse effect on achievement of our annual operating plan and long-term strategic objectives. 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. They are the more significant risks that, in the opinion of the Board, should be monitored and managed and considered by investors before investing in RCR. Set out below is an overview of a number of material risks that the Company's businesses face:

- 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 the Company 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, operations, cash flows and liquidity could be affected if RCR miscalculates the resources or time needed to complete a project, fails to meet contractual obligations, or encounters 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 the customer's expectations could result in large claims against RCR.
- Competition Risks: The markets in which RCR operates 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, energy and resources 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 its 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 $25 million and Board reviews for tenders above $50 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 workplace 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 the Company's reputation and in certain instances where its 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 represents the amounts paid for the business, less the fair value of the net assets acquired. RCR, at least annually, 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. The order book also includes amounts expected or anticipated under contracts, current work programs, maintenance arrangements, or framework arrangements. The order book includes amounts which cover multiple financial periods. Accordingly, RCR's order book at any particular date will vary and is therefore an uncertain indicator of future Earnings.
- Preferred Contractor Status: Where RCR refers to preferred contractor status, RCR cannot guarantee that this status will convert to a contract and is therefore 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 its 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, potentially exposing 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 its financial performance;
- foreign exchange rates and interest rates in the ordinary course of business; and
- loss of key Board, management or operational personnel.

Disclosure Notices

Unreasonable Prejudice

As permitted by sections 299(3) and 299A(3) of the *Corporations Act 2001*, the Company has omitted certain information from this Operating and Financial Review in relation to the Company's business strategy, future prospects and likely developments in its operations and the expected results of those operations in future financial years. The Company and Board have done this on the basis that such information, if disclosed, would be likely to result in unreasonable prejudice to the Company (for example, because the information is premature, commercially sensitive, confidential or could give a third party a commercial advantage). The omitted information relates to Company's internal budgets, forecasts and estimates, details of Company's Strategic Plan and any growth initiatives.

Forward Looking Statements

This Operating and Financial Review and the Review of Operations may contain forward looking statements, including statements of current intention, statements of opinion and expectations regarding Company's present and future operations, possible future events and future financial prospects. Such statements are not statements of fact and may be affected by a variety of known and unknown risks, variables and changes in underlying assumptions or strategy which could cause the Company's actual results or performance to differ materially from the results or performance expressed or implied by such statements. There can be no certainty of outcome in relation to the matters to which the statements relate, and the outcomes are not all within the control of the Company.

Further information on some important factors that could cause actual results or performance to differ materially from those projected in such statements is contained in the "Material Risks" Section. The Company makes no representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statement. The forward looking statements in this Annual Report reflect expectations held at the date of this Report. Except as required by applicable law or the ASX Listing Rules, the Company disclaims any obligation or undertaking to publicly update any forward looking statements, or discussion of future financial prospects, whether as a result of new information or of future events.

Significant Changes in the State of Affairs

On 4 April 2016, the Company announced that it had completed a review of its strategy, for current and future markets, in the Infrastructure, Energy and Resources sectors. As a result of the review, it was determined that the continued pressure on some commodity prices and the general slowness in capital spend, in both private and government projects, meant some operations were deemed not economically viable. The Company closed 14 local branches primarily associated with services to the Coal sector and two international, unprofitable businesses.

As part of the business reorganisation, the Company reduced its fixed overhead in the form of people and operations and amalgamated a number of operations across Australia and New Zealand. This was to ensure a more competitive offering and significant cost savings for the Company.

Other than this there were no significant changes during FY16.

Matters Subsequent to the End of the Financial Year

Subsequent to 30 June 2016, the Company issued 1,031,000 performance rights to executive management.

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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments

Other than as disclosed above, information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. 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. RCR uses the international standard ISO14001 for maintaining its environmental management oversight.

Carbon and Energy Emissions

The Company is registered under the National Environment Protection (National Pollutant Inventory) Measure 1998 ("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 is below the threshold for reporting on carbon emission.

Performance Rights Over Unissued Shares

Performance Rights on Issue

As at the date of this Report, there are 5,155,920 performance rights on issue (FY15: 5,279,720). During FY16, 1,417,200 performance rights were granted (FY15: 1,277,220). Since the end of FY16, 1,031,000 performance rights have been granted and 571,250 have lapsed. 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	1,242,500	31 August 2016
Unlisted Performance Rights	1,215,220	31 August 2017
Unlisted Performance Rights	100,000	31 August 2017
Unlisted Performance Rights	2,248,200	31 August 2018
Unlisted Performance Rights	25,000	28 February 2017
Unlisted Performance Rights	25,000	28 February 2018
Unlisted Performance Rights	50,000	6 January 2017
Unlisted Performance Rights	50,000	6 January 2018
Unlisted Performance Rights	66,666	4 January 2018
Unlisted Performance Rights	66,666	4 January 2019
Unlisted Performance Rights	66,668	4 January 2020
Total	5,155,920	

Performance Rights, Vested, Forfeited or Lapsed

During FY16, 262,000 performance rights were forfeited or cancelled.

Company Secretary

Mr Darryl Edwards is the Company Secretary and was appointed on 9 November 2009. Mr Edwards has over 20 years experience in mining, media, manufacturing, corporate advisory, corporate governance, capital raising, mergers and acquisitions and commercial and legal matters.

Mr Edwards is a qualified Company Secretary, a fellow of the Governance Institute of Australia (formerly, Institute of Chartered Secretaries in Australia) and State Council Member for the WA Branch of the Governance Institute of Australia.

Indemnification and Insurance of Directors and Officers

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

The Officers of the Company covered by the insurance policy include any person acting in the course of duties for the Company who is, or was, a Director, Executive Officer, Company Secretary or a Senior Manager within the Company.

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 Company; 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 Company has paid a premium under a contract insuring each Director, Officer, Secretary and employee who is concerned with the management of the Company or its subsidiaries against liability incurred in that capacity. Disclosure of the nature of the liability covered by and the amount of the premium payable for such insurance is subject to a confidentiality clause under 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 Company is important.

During FY16, 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 FY16 is set out in Section 3.6 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 Section 3.6 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.

Auditor's Independence Declaration

Deloitte Touche Tohmatsu continues as external auditor in accordance with s.327A of the *Corporations Act 2001*. The Auditor's Independence Declaration as required under s.307C of the *Corporations Act 2001* is set out on page 75 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 Section 6.3 in the Financial Report.

Remuneration Report

The Remuneration Report is set out on pages 40 to 59 and forms part of this report.

Rounding of Amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016. 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 thousand, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors,

R Brown.

Roderick J M Brown
Chairman
24 August 2016

Remuneration Report

1.0 Introduction

This Remuneration Report is prepared in accordance with s300A of the *Corporations Act 2001*. The information provided in this report has been audited by Deloitte Touche Tohmatsu as required by s308(3C) of the *Corporations Act 2001*. The Remuneration Report forms part of the Directors' Report.

This report outlines the remuneration strategies and arrangements for RCR's Key Management Personnel ("KMP") being Executives and Non-Executive Directors, who have the authority and responsibility for planning, directing and controlling the activities of RCR. The names and position of RCR's KMPs are set out in Table 1.

Importantly, this report provides shareholders with the necessary information to clearly establish and demonstrate the link between RCR's strategy, its performance over the short-term and long-term, and the remuneration outcomes for Executives and Non-Executive Directors.

1.1 Remuneration Summary

RCR's Executive remuneration framework includes a remuneration mix that places greater emphasis on rewarding long-term performance outcomes. The framework aims to ensure the Managing Director and other Executives are focused on strategic business objectives that enhance shareholder value and grow the business organically and by acquisition.

Total reported remuneration, in accordance with Accounting Standards, for Executives in FY16 reduced to $3,256,108 from $6,060,191 in the prior year. Remuneration paid in 'cash' reduced to $2,383,617 from $3,630,761, after excluding accounting charges in relation to short and long-term equity incentives and statutory provisions (refer to Table 7).

	Summary
Performance for FY16	The Company's performance for FY16 reflected the challenging market conditions that saw a number of projects delayed and significant steps taken to reorganise the business and maintain a competitive position. The Company recorded underlying NPAT of $20.1 million for FY16 when excluding discontinued operations and other non-recurring items. The statutory NPAT from continuing operations was $9.0 million. At year end the Company had an order book of $971 million (includes Silvergrass project awarded 15 August 2016) and is preferred on new projects with an estimated value of $550 million, placing it in a strong position to deliver an anticipated increase in earnings in the future.
Fixed Remuneration	Executive's fixed remuneration arrangements did not change during FY16.
STI Incentives	There were no short-term incentives awarded as the Company's performance did not meet the minimum performance thresholds set by the Board.
Long-Term Incentives Vested in the Year	Long-term incentives for the three year performance period ending 30 June 2016, are subject to two separate performance criteria, being Earnings Per Share ("EPS") Growth (weighted at 50%) and total TSR (weighted at 50%). Over this performance period: (i) RCR did not deliver the required growth in EPS of 8% to 12.5% per annum. As a result no shares vested; and (ii) (ii) RCR's three year TSR performance was -11.25%, placing it at the 79th percentile relative to its 25 peers, which met the TSR performance condition in full. This outcome will result in 571,250 performance rights vesting to the Managing Director, CFO, COO and other participants. Importantly, over the longer term, RCR's TSR over the past five years has exceeded all but one of its peers with a TSR of 22% (refer to Chart 1). This is a reflection of our clear strategy and the endeavour of Dr Dalgleish to position the Company in the growing markets for infrastructure and energy, whilst maintaining RCR's key market position in the resources sector.

	Summary
Managing Director's Remuneration	Dr Dalgleish's total reported remuneration for FY16 was $1,467,858 (FY15: $3,302,653). This includes an accounting expense of $450,795 (FY15: $1,547,725) in relation to statutory long service leave, deferred shares and unvested performance rights. Excluding these accounting charges Dr Dalgleish's remuneration paid in 'cash' for FY16 was $1,017,063 (FY15: $1,754,928). No short-term incentive was paid for FY16. On 6 November 2015, shareholders approved the grant of 777,200 conditional rights to Dr Dalgleish. The fair value for accounting expense purposes is $408,030, of which $136,258 was expensed in FY16. Further details on the conditional rights and the relevant performance criteria are set out in Section 3.5. In respect of the long-term incentives for the three year performance period ending 30 June 2016, a total of 216,090 performance rights (out of maximum 432,180) will vest to Dr Dalgleish on or about 31 August 2016. The performance rights have vested on the basis of satisfaction of the TSR Hurdle. On this vesting date, the Board has determined to pay cash rather than issue shares to Dr Dalgleish. The cash payment (estimated at $590,000) will represent the market value of the shares that would have been issued on 31 August 2016.
Non-Executive Directors Remuneration	Non-Executive Director fees have not changed since 2014.

1.2 Changes to Future Executive Remuneration Arrangements

During the year the Board reviewed the Executive remuneration framework to ensure it aligned with the Company's strategy. The outcome of this review was that the Board decided to introduce a new Performance Incentive Plan under which equity-based long-term incentives are granted to Executives. The Performance Incentive Plan was approved by shareholders on 6 November 2015.

The key changes introduced under the Performance Incentive Plan included:

- The requirement for Executives to hold a minimum number of shares before being allowed to dispose of vested shares;
- Performance criteria for the TSR Hurdle requires RCR's relative TSR to be positive for full entitlement, otherwise any entitlement will be reduced by half;
- Removal of the ability to adjust EPS for certain factors; and
- The ability to clawback any conditional rights or shares vested under certain circumstances.

The Board also completed an assessment of the performance criteria for future EPS Hurdles and determined that, given the current market conditions, the EPS growth rate would be set at between 5% and 15% per annum, for the performance period 1 July 2015 to 30 June 2018. It is the Board's intention that this rate be applied for future grants. In setting these growth rates, the Board has also had regard for them being higher than earnings projections published by analysts.

Further details on the Performance Incentive Plan are set out in Section 3.4.

The Board also reviewed the performance criteria for future STI awards and removed the ability for the Board to adjust actual NPAT and EBIT outcomes for certain factors.

1.3 Key Management Personnel

Set out in table 1 is a list of the Non-Executive Directors and Executives of the Company whose remuneration details are outlined in this Remuneration Report. Except where noted, these Non-Executive Directors and Executives were employed for all of FY16 in the positions noted below. These Non-Executive Directors and Executives comprise the KMPs of the Company for FY16 as defined under accounting standards.

Table 1 - Key Management Personnel

Name	Position	Year Joined	Term as KMP
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	Full financial year
Bruce James	Non-Executive Director	2014	Full financial year
Sue Palmer	Non-Executive Director	2014	Full financial year
Executives			
Paul Dalgleish	Managing Director and Chief Executive Officer	2009	Full financial year
Andrew Phipps	Chief Financial Officer	2013	Full financial year
Joe Gugliotta	Chief Operating Officer – West	2016	1 November 2015 to 30 June 2016
Graham Salter	Chief Operating Officer	2011	1 July 2015 to 3 April 2016

During the year, Mr Joe Gugliotta joined the Company in the role of Chief Operation Officer (“COO”) – West and Mr Graham Salter ceased to be COO. Mr Salter resumed the role of EGM for the Company’s Energy business. As at 30 June 2016, the role of COO - East remains vacant with Dr Dalgleish acting in this role.

2.0 Executive Remuneration Framework

2.1 Executive Remuneration Policy

RCR’s Remuneration Policy complements its business strategy by rewarding Executives fairly and responsibly in accordance with the market. The Remuneration Policy 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;
- links Executive incentive outcomes to the creation of value for shareholders;
- sets demanding levels of performance and stretch targets;
- manages risk by measuring performance over different time periods, ensuring reward is contingent on a diversity of hurdles aligned with shareholder value. This is done by deferring a proportion of reward and delivering a significant component 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 for individual and business performance and relative comparative information.

2.2 Executive Remuneration Framework

RCR’s remuneration framework for the Managing Director and other Executives has three components, two of which vary with performance. The remuneration structure has 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’.

The Executive remuneration framework rewards performance that exceeds peers and places a greater emphasis is on long-term incentives. This framework ensures there is a link to performance outcomes that are designed to deliver value to shareholders through dividends and capital growth. Executive remuneration, including ‘at risk’ incentives, are benchmarked and reviewed against market data provided by the Company’s independent external advisor.

Diagram 1 – Executive Remuneration Overview

RCR Executive Remuneration Framework for FY16

Total Fixed Remuneration

TFR comprises:

- Cash salary;
- Other benefits; and
- Statutory superannuation contributions

TFR is determined on the basis of market rates and reviewed annually.

Strategic Objective/ Performance Link

TFR is set at competitive levels to attract, retain and engage key talent.

TFR also takes into account the size, complexity of the role and the individual's skill and experience relative to position requirements.

At Risk Remuneration

Short-Term Incentive

STI Hurdles are based on pre-defined financial hurdles (NPAT or EBIT) and include a minimum safety performance hurdle.

STI is payable in cash and deferred shares. Up to 15% of STI is 'at risk' if safety KPIs are not achieved.

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

Strategic Objective/ Performance Link

Rewards annual performance at Group or business unit level.

The financial performance measures were chosen principally because NPAT and EBIT should drive dividends and share price growth over time.

Aligns with material business risks, including order intake, strategy execution and safety.

Long-Term Incentive

EPS Hurdle	TSR Hurdle
EPS Hurdle is based on defined EPS growth rates of 5% to 15% per annum.	TSR Hurdle is based on RCR's TSR performance relative to a peer group of 25 companies.

Conditional rights vest if the EPS Hurdle (50% weighting) and TSR Hurdle (50% weighting), over a three year performance period, are achieved.

The TSR Hurdle requires RCR's relative TSR to be positive for full entitlement, otherwise any entitlement will be reduced by half.

Strategic Objective/ Performance Link

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

Ensures a strong link with the creation of shareholder value.

EPS growth was chosen as a performance hurdle as it is a key metric to measure RCR's long-term success as it contains clear links to shareholder value creation.

TSR was chosen because it provides a relative, external market performance measure having regard to RCR's peers.

2.3 Link to Company Performance

A key principle of the 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 measures for 'at risk' rewards ensure that the Managing Director and other Executives are focused on strategic business objectives that enhance shareholder value and grow the business organically and by acquisition.

The key financial and non-financial measures for short-term and long-term incentives are considered appropriate measures of performance as they create shareholder value. The key performance criteria includes safety performance measured as LTIFR, minimum levels for NPAT over 12 months and minimum levels of growth in EPS and TSR over the longer term.

RCR has demonstrated strong performance against key measures and relative to its peers over the longer term. Table 2 summarises details of RCR's performance for key financial measures over the past five financial years.

Table 2 – RCR Financial Performance for the Past Five Years

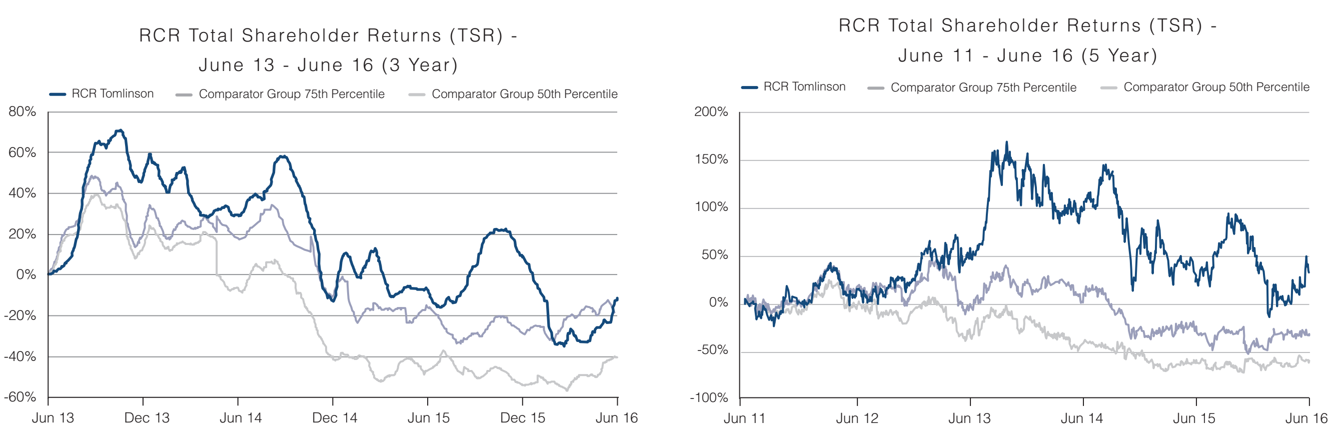
Item	Measure	FY16	FY15	FY14	FY13	FY12
Revenue[1]	$M	890.5	1,033.6	1,300.5	875.2	808.7
EBITDA[1]	$M	49.2	89.1	79.6	58.6	50.5
EBIT[1]	$M	28.1	69.4	57.8	43.8	35.3
NPAT[1]	$M	20.1	51.4	43.3	37.3	27.3
NPAT		(16.2)	39.1	43.3	37.3	27.3
Long-Term Performance Outcomes						
Safety – Total Recordable Injuries	TRIFR	8.37	10.13	9.37	7.96	11.73
Safety – Lost Time Injuries	LTIFR	1.77	1.10	1.31	0.36	0.65
Basic EPS from Continuing Operations	cents	6.4	34.2	31.9	28.3	20.5
Interim Dividend	cents per share	1.75	3.50	3.00	2.50	2.00
Final Dividend	cents per share	-	7.50	7.00	5.75	4.25
Market Capitalisation	$M	237.9	238.6	383.6	305.9	235.3
Closing Share Price	$	1.70	1.72	2.80	2.31	1.79
TSR – 1 Year	%	4.2	(36.3)	26.1	32.8	13.3
TSR – 3 Year Rolling	%	(11.3)	6.1	84.3	197.0	217.0
TSR – 5 Year Rolling	%	21.5	143.1	413.2	232.0	(5.7)

[1] FY16 and FY15 performance excludes non-recurring costs and discontinued operations.

Long-Term Performance

The graphs below show RCR's relative TSR over the past three and five years, to 30 June 2016. These graphs reflect the performance of RCR relative to its peers over this period.

Chart 1 – RCR's TSR compared with a peer group of 25 companies



3.0 Executives Remuneration Outcomes For FY16

3.1 Executive Remuneration Structure

Executive Remuneration has a fixed component and an 'at risk' component that varies with performance. The 'at risk' component comprises a short-term incentive and a long-term incentive (refer to Diagram 1).

3.2 Total Fixed Remuneration

Executives receive a fixed annual remuneration determined by the scope of their role and the individual's level of knowledge, skill and experience. TFR comprises a salary and the direct cost of benefits, including superannuation, motor vehicles, car parking and fringe benefits tax.

The Company reviews the TFR annually and benchmarks it 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.

Executives TFR arrangements did not change during FY16, as the current levels of remuneration were considered appropriate.

3.3 Short-Term Incentives

Diagram 2 – STI Plan Overview

STI Structure

The Company's STI Plan rewards 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 shareholder returns.

No STI is paid unless the Threshold hurdle is achieved. The STI payment is also subject to minimum levels of safety performance with up to 15% of the STI payment subject to achievement of a safety hurdle set at the beginning of the year.

Cash STI

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

Between Target and Stretch levels the STI is payable in cash up to the Target level and thereafter half in cash and half in STI Deferred Shares.

Deferred STI

STI outcomes between Stretch and Target are partly payable in the form of Deferred Shares.

Vesting Details

Deferred Shares are subject to a two year restriction period.

Forfeiture conditions apply, which allow claw-back of deferred shares during the restriction period.

STI as a % of TFR				Performance Hurdles[1]		
Participant	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%	40%	80%			
COO	20%	40%	80%			
				Up to 15% of the STI payment is subject to safety performance gates.		

[1] Performance hurdles for other participants are based on budget EBIT for the relevant line of business (and are triggered if the RCR Group meets its performance hurdles).

3.3.1 Key Features of the FY16 STI Plan

The following summarises the key features of the FY16 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?

STI rewards are based on a percentage of 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?

STI outcomes are determined against the Threshold, Target and Stretch NPAT or EBIT Hurdles that are set by reference to Board-approved budgets.

The Managing Director, CFO, COOs and other Corporate Executives are measured against NPAT whilst other senior managers are measured against EBIT performance of their relevant business unit.

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.

Category	Hurdle	Rationale
Financial	Earnings (NPAT or EBIT)	Reflects the underlying performance of the Company's core business operations and represents a key driver of shareholder value.
Non-Financial	Safety - LTIFR	The Company is committed to providing a safe workplace for all of its employees and to ensuring its activities are carried out safely.

For FY16, the following hurdles were set for the Managing Director, CFO and COOs:

	Threshold	Target	Stretch
NPAT Hurdle	$37.1M	$39.1M	$46.9M
Safety – LTIFR	1.8	1.8	1.8

What is the form of payment?

STI outcome is payable 100% in cash at the Threshold and Target hurdles. Between Target and Stretch hurdles the STI is payable in cash up to the Target hurdle and thereafter half in cash and half in deferred shares.

Deferred shares are restricted for two years and are subject to forfeiture conditions. Dividends are payable on deferred shares. The number of deferred shares is calculated by reference to the face value of RCR shares at the time of award.

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:

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 determined that for FY16 a safety performance gate would 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.

3.4 Long-Term Incentives

Diagram 3 – Performance Incentive Plan Overview

LTI Structure

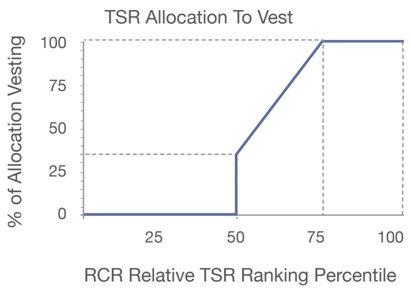
Conditional Rights Granted

Relative Total Shareholder Return

50% of allocation subject to this hurdle

Vesting Framework

The TSR component of the allocation is 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. If RCR's TSR is negative then vesting will reduce by half.

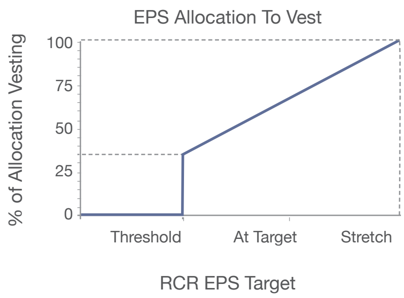


EPS Compound Annual Growth Rate

50% of allocation subject to this hurdle

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.



LTI Equity Delivery

Type of Equity	Equity Plans	Executive	Long-Term Incentive as a % of TFR[1]		
			Threshold	Target	Stretch
Conditional rights (the allocation of conditional rights is based on the face value of RCR shares at the time of grant). Conditional rights include performance rights, options, shares, deferred shares and other rights.	Long-Term Incentive Plan (as approved by Shareholders on 20 November 2013) and Performance Incentive Plan[2] (as approved by Shareholders on 6 November 2015)	Managing Director	35%	65%	150%
		Chief Financial Officer	25%	50%	75%
		Chief Operating Officer	25%	50%	75%
		Executive General Manager	12%	23%	35%
		Other participants	3% - 10%	5% - 20%	10% - 30%

[1] Based on the equity grants awarded during FY16.

[2] For equity grants in FY16 the Performance Incentive Plan applied. All equity grants prior to this were granted under the Long-Term Incentive Plan.

Performance Incentive Plan

The Performance Incentive Plan was approved by shareholders on 6 November 2015. The Managing Director (subject to shareholder's approval) and other participants receive annual equity-based grants under the Performance Incentive Plan as determined by the Board.

The Performance Incentive Plan is designed to provide the Board with greater flexibility in:

- attracting, motivating and retaining executives;
- aligning the interests of executives with shareholders by matching rewards with the short and long-term performance of the Company;
- aligning incentives with changes in market practice and prevailing legislative regimes as and when they occur; and
- balancing the form of reward offered to the executives with the Company and shareholders' best interests (including managing potential dilution caused by Share issues, the ability to offer cash rather than shares and to impose clawback and trading restrictions).

It provides the legal framework for the different types of awards to executives and selected senior managers (as determined by the Board from time to time) and may be used to facilitate the issue of both short-term and long-term incentives.

Non-Executive Directors will not be eligible to participate in the Performance Incentive Plan.

3.4.1 Key Features of the FY16 Performance Incentive Plan

Table 3 - Key Features of the FY16 Performance Incentive Plan

FY16 Performance Incentive Plan	
What securities are offered?	The Performance Incentive Plan envisages the offer of conditional rights, which are rights to ordinary fully paid shares or paid as their cash equivalent value (based on a pre-agreed formula). Examples of these types of rights include performance rights, share appreciation rights, deferred share rights and options.
What is the performance period?	The performance period is three years.
How do you determine the number of performance rights?	The number of conditional rights a participant receives is determined by dividing the dollar value of the maximum LTI award by the face value of RCR shares. The face value is calculated as the volume weighted average share price ("VWAP") over five trading days.
What are the performance hurdles?	Participants only receive value from their equity-based awards at the end of the performance period and only if the relevant performance hurdles are achieved. In FY16, conditional rights were granted and are subject to the following performance hurdles: ▪ half of the conditional rights are subject to RCR achieving a EPS Compound Annual Growth rate ("CAGR") of between 5% and 15% ("EPS hurdle"); and ▪ half of the conditional rights are subject to RCR's relative TSR performance measured against a comparator group of 25 peer companies at the time of grant ("TSR hurdle"). Together, the use of these two hurdles are intended to provide a balanced view of the Company's performance, against strategic objectives and provide alignment with shareholder interests. Specifically, the EPS hurdle is a measure of profitability, a direct determinant of dividends and 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.

EPS hurdles

EPS is calculated by dividing NPAT by the weighted average number of ordinary shares of RCR on issue.

In FY16, conditional rights were granted and are subject to the following EPS hurdles over the performance period (1 July 2015 to 30 June 2018):

EPS Hurdle	% of Rights that Vest
Less than 5% per annum	0% vesting
Equal to 5% per annum	35% vesting
Between 10% to 15% per annum	straight line vesting between 35% to 100%
Equal to 15% per annum or above	100% vesting

During the year, the Board completed an assessment of EPS Hurdles for new equity-grants and determined that EPS growth rates of between 5% and 15% per annum would apply for the performance period 1 July 2015 to 30 June 2018.

TSR hurdle

In FY16, conditional rights were granted and subject to the following TSR Hurdles over the performance period (1 July 2015 to 30 June 2018).

Percentile Ranking for TSR Hurdle	% of Rights that Vest
Less than 50th percentile	0% vesting
Equal to 50th percentile	35% vesting
Between the 50th and 75th percentile	straight line vesting between 35% to 100%
Equal to the 75th percentile or above	100% vesting

TSR is calculated as the difference in share price over the performance period, plus the value of shares earned from reinvesting dividends received over the performance period, expressed as a percentage of the share price at the beginning of the performance period.

If the TSR for each company in the comparator group is ranked from highest to lowest, the mid-point (50th percentile) TSR is the percentage return to shareholders that exceeds the TSR for half of the comparator companies. The 75th percentile TSR is the percentage return required to exceed the TSR for 75% of the comparator companies.

The TSR component of the performance rights will vest (pro-rata) if RCR's relative TSR performance is between the 50th percentile and 75th percentile of the comparator group of companies, measured over the three year performance period.

A new requirement introduced during the year, for equity grants is the requirement for RCR's relative TSR to be positive for full entitlement, otherwise any entitlement will be reduced by half.

The comparator group for conditional rights granted in FY16 comprises:

- Ausdrill
- Ausenco
- Austin Engineering
- Bradken
- Broadspectrum
- Calibre Group
- Decmil Group
- Downer
- Emeco Holdings
- GR Engineering
- Global Construction Services
- Imdex
- LogiCamms
- Lycopodium
- MACCA
- Macmahon
- Mineral Resources
- Monadelphous
- Programmed Maintenance
- NRW
- Sedgman
- Seymour White
- Southern Cross Electrical
- UGL
- Watpac

Is there re-testing of performance hurdles?

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

How are vested rights converted to shares or cash?

Conditional rights will have an exercise process whereby the Participant may exercise the rights up to 15 years after the grant date once they have vested.

On exercise, the Board may either, having regard to any election of the participant, issue or procure the transfer of shares or pay a cash amount (net of tax) equivalent to the market price of the shares at the exercise date.

The Board retains the discretion to decide whether to purchase shares on-market or issue new shares on exercise of conditional rights.

FY16 Performance Incentive Plan

What is the treatment for dividends and voting rights on performance rights?	Conditional rights have no voting rights. Each vested conditional right entitles the participant to one fully paid ordinary 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?	As part of the Company's Securities Trading Policy, the Company prohibits Executives from entering into arrangements to protect the value of unvested awards. This includes prohibiting Executives from entering into contracts to hedge their exposure to performance rights or shares granted as part of their remuneration package.
Are there clawback rights?	If, in the opinion of the Board, an employee acts fraudulently, dishonestly, is in breach of his or her obligations to RCR or is knowingly involved in a material misstatement of financial statements, then the Board may take action such as altering performance hurdles, deeming conditional rights to have lapsed or clawback shares, cash paid or proceeds from the sale of shares.
Is there a real risk of forfeiture?	A conditional 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 Performance Incentive Plan or to the Company; or ▪ if the employee purports to transfer, mortgage, charge or otherwise dispose of any right or interest in a conditional right other than in accordance with the terms of the Performance incentive Plan.
What happened on a change in control event?	The Board may, in its absolute discretion, having regard for time elapsed or the original performance conditions, determine that all or a portion of the conditional rights vest if: ▪ a change of control occurs in certain circumstances including by way of a takeover bid, compromise or arrangement, amalgamation with another company or selective capital reduction; or ▪ the Company passes a resolution for voluntary winding up or to dispose of its main undertaking, or an order is made for the compulsory winding up of the Company.
Variations to the plan	The Board may cease, suspend or amend the terms of the Performance Incentive Plan at any time. Any such amendment may not, without the written agreement of a participant, materially reduce or otherwise prejudicially affect the rights attaching to the conditional rights granted or the shares issued or transferred pursuant to and still subject to the Performance incentive Plan, other than in certain circumstances (for example, if the amendment introduced is primarily for the purpose of complying with the ASX Listing Rules or the *Corporations Act 2001*).

Recruitment Remuneration

The Board recognises that in certain circumstances it is appropriate to grant sign-on incentives in the form of equity, subject to a 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 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 equity 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 often the case with large diverse engineering companies) and which are reliant on the timing of large scale resource and infrastructure projects.

During FY16, 200,000 sign-on performance rights were granted to Mr Gugliotta, which vest in equal instalments over 4 years (refer to table 11).

3.5 Managing Director's Remuneration

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.

The Board has determined that Dr Dalgleish's remuneration package will comprise a high component of 'at risk' long-term incentives to drive a growth strategy that delivers high performance and the creation of shareholder wealth over the long-term. It also encourages a dual focus on both organic and acquisition objectives. Accordingly, the value of Dr Dalgleish's long-term incentives may potentially be higher than some of the Company's peers.

Table 4 reflects the composition of Dr Dalgleish's FY16 remuneration package depending on the outcome of performance of the Company and 'at risk' rewards. There have been no changes to the composition of Dr Dalgleish's remuneration arrangements in FY16.

Table 4 – Composition of Managing Director's Remuneration Package for FY16

Component	Threshold		Target		Stretch	
Total Fixed Remuneration[1]	$1,000,000	52.6%	$1,000,000	38.8%	$1,000,000	25.0%
Short-Term Incentive 'at risk'[2]	$375,000	19.7%	$600,000	23.3%	$1,500,000	37.5%
Long-Term Incentive 'at risk'[3]	$525,000	27.7%	$975,668	37.9%	$1,500,000	37.5%
Total Remuneration	$1,900,000	100.0%	$2,575,668	100.0%	$4,000,000	100.0%

[1] Fixed Remuneration excludes car parking benefit and statutory long-services leave provisions.

[2] STIs are calculated as a percentage of TFR. STIs are 'at risk' and subject to pre-defined performance hurdles which are set at the beginning of the performance period.

[3] LTI 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. LTIs are 'at risk' and subject to pre-defined performance hurdles set by the Board.

FY16 Remuneration in Accordance with Accounting Standards

The reported remuneration for Dr Dalgleish for FY16, in accordance with Accounting Standards, was $1,467,858 (FY15: $3,302,653) as set out in Table 7. This includes an accounting expense of $450,795 (FY15: $1,547,725) in relation to statutory long services leave, deferred shares and unvested performance rights granted with approval of shareholders.

The fair value of unvested equity-based incentives is amortised over the performance period, such that total remuneration includes a portion of the fair value of unvested equity-based compensation during the year. The fair value amount is not indicative of the benefit (if any) that Dr Dalgleish may ultimately realise should these equity-based incentives vest.

Excluding these accounting charges Dr Dalgleish's remuneration paid in 'cash' for FY16 was $1,017,063 (FY15: $1,754,928).

The following summarises the outcomes for Dr Dalgleish's remuneration for the year ending 30 June 2016.

Total Fixed Remuneration	Dr Dalgleish's TFR remained unchanged at $1,000,000 (comprising a salary of $980,692 and employer superannuation contributions of $19,308). In FY16, there was no change to the TFR payable to Dr Dalgleish. Dr Dalgleish also receives a car parking and other benefits of $17,063, inclusive of fringe benefits tax. Remuneration reported in Table 7 includes accounting expense for entitlements to statutory long service leave of $27,034.
Short-Term Incentives	Dr Dalgleish did not receive a STI award in FY16, as the Company's performance was below the minimum NPAT hurdle. The hurdles are more fully described in Section 3.3.
Long-Term Incentives Granted in FY16	During the year, 777,200 conditional rights were granted to Dr Dalgleish, with a face value of $1,500,000. Details on the performance criteria are set out in Note 1. The fair value for accounting expense purposes is $408,030, of which $136,258 was expensed in FY16. Further details on the conditional rights are set out in Note 1 and in Table 11.
Long-Term Incentives Vested at Year End	For the three year performance period ending 30 June 2016, a total of 216,090 performance rights will vest to Dr Dalgleish (out of a maximum of 432,180 performance rights). Further details are set out in Note 2. The Board has determined that these vested entitlements will be paid in cash.

Notes:

(1) Long-Term Incentives Granted in FY16

On 6 November 2015, Shareholders approved the award of 777,200 conditional rights under the Performance Incentive Plan to Dr Dalgleish, with a face value of $1,500,000.

The number of conditional rights was calculated by dividing the maximum dollar value of Dr Dalgleish's remuneration package allocated to long-term incentives, being $1,500,000, by the face value of RCR shares. The face value for this grant was $1.93 per share (being the 5 day VWAP of RCR shares immediately following the release of the Company's FY15 results on 20 August 2015).

The conditional rights are subject to two separate performance hurdles over a three year performance period, being 1 July 2015 to 30 June 2018:

- half of the performance rights are subject to a EPS Hurdle which requires an EPS compound annual growth rate of between 5% and 15% per annum; and
- half of the conditional rights are subject to a TSR Hurdle that measures RCR's relative TSR performance against a comparator group of companies, as determined by the Board at the time of grant. Refer to Section 3.4.1 which sets out the comparator group. The performance criteria for the TSR Hurdle requires that RCR's relative TSR be positive for full entitlement, otherwise any entitlement will be reduced by half.

There is no re-testing of conditional rights after the performance period. Accordingly, if the relevant performance hurdles are not achieved, then the conditional rights will lapse. The conditional rights are subject to the terms and conditions set out in Table 3.

(2) LTI Awards Vested in Respect of Three Year Performance Period Ending 30 June 2016

In respect of the three year performance period ending 30 June 2016, Dr Dalgleish holds 432,180 performance rights which were approved by shareholders at the 2013 Annual General Meeting. These performance rights are subject to two separate performance measures being EPS Growth (weighted at 50%) and TSR (weighted at 50%) over a three year performance period (1 July 2013 to 30 June 2016).

Table 5 shows the outcomes against the performance criteria for the three-year performance period ended on 30 June 2016. A total of 216,090 performance rights will vest to Dr Dalgleish on or before 31 August 2016.

The number of rights vesting (being 216,090 rights) are convertible into 240,994 shares (calculated on the basis of one share for each right plus an additional number of shares calculated on the basis of dividends that would have been paid in respect of the shares being reinvested over the performance period). The Board has determined that these vested entitlements will be paid in cash which will be equivalent to the market price of the shares at the vesting date. The estimated value to be paid in cash is approximately $590,000.

Table 5 – LTI Vesting in FY16 to Dr Dalgleish

Hurdle	Outcome (2013 – 2016)	Percentile Ranking v Comparator Group	% Rights Vested	Number of Rights Vested
EPS Growth (8% to 12.5% pa)	below hurdle	not applicable	0%	-
TSR	-11.25%	79th percentile	100%	216,090

Unvested Performance Rights at 30 June 2016

Tables 6 set out the number of unvested rights granted to Dr Dalgleish and the relevant performance hurdles. Shareholders approved each of the equity grants. These rights are subject to two separate performance measures being EPS Growth (weighted at 50%) and TSR (weighted at 50%) over the relevant performance period.

Table 6 – Unvested Performance Rights at 30 June 2016

Year Granted	Performance Period	Number of Rights	EPS Hurdle	TSR Hurdle
FY14	1 July 2013 to 30 June 2016	432,180[1]	EPS compound annual growth rate of 8% to 12.5%	RCR's TSR ranking of between 50th percentile and 75th percentile, measured against a peer group of 25 companies
FY15	1 July 2014 to 30 June 2017	470,220	EPS compound annual growth rate CAGR of 8% to 16%	RCR's TSR ranking of between 50th percentile and 75th percentile, measured against a peer group of 25 companies.
FY16	1 July 2015 to 30 June 2018	777,200	EPS compound annual growth rate of 5% to 15%	RCR's TSR ranking of between 50th percentile and 75th percentile, measured against a peer group of 25 companies. The performance criteria requires that RCR's relative TSR be positive for full entitlement, otherwise any entitlement will be reduced by half.

[1] 216,090 rights will vest to Dr Dalgleish and 216,090 will lapse on or before 31 August 2016.

3.6 Executive Remuneration Outcomes FY16 - In Accordance with Accounting Standards

Details on the nature and amount of remuneration of the Managing Director and other named Executives for FY16 and FY15 are as follows:

Table 7 – Remuneration of Executives

		Short-Term Benefits					Post-Employment Benefits	Long-Term Benefits	Share-Based Payments		
		Salary, Fees and Allowances $	STI Award[1] $	Fair Value of Deferred Shares/Rights Under STI Awards[2] $	Non-Monetary[3] $	Other[4] $	Super $	Long Service Leave[5] $	Fair Value of Equity Grants[6] $	Total Remuneration in Accordance with Accounting Standards $	Performance Related %
Reference			Table 8	Table 8 & 9					Table 11		
Current Executives											
Paul Dalgleish	2016	980,692	-	127,338	17,063	-	19,308	27,034	296,423	1,467,858	29%
	2015	975,568	748,770	262,170	11,807	-	18,783	18,034	1,267,521	3,302,653	69%
Andrew Phipps	2016	584,924	-	37,324	5,628	-	19,308	4,439	292,135	943,758	35%
	2015	577,991	281,644	37,324	5,203	-	18,783	1,332	786,457	1,708,734	65%
Joe Gugliotta	2016	260,972	-	-	34,599	30,841	9,495	2,650	62,472	401,029	16%
	2015[7]	-	-	-	-	-	-	-	-	-	-
Graham Salter	2016	399,755	-	6,061	6,445	-	14,587	217	16,398	443,463	5%
	2015	520,671	128,183	8,925	5,203	-	18,783	4,995	183,861	870,621	37%
Total	2016	2,226,343	-	170,723	63,735	30,841	62,698	34,340	667,428	3,256,108	26%
Total	2015	2,074,230	1,158,597	308,419	22,213	-	56,349	24,361	2,237,839	5,882,008	63%
Former Executives											
Simon Pankhurst (to 31 Jan 2015)	2016	-	-	-	-	-	-	-	-	-	-
	2015	308,511	-	3,914	-	-	10,861	(1,039)	(144,064)	178,183	-

1 STI amounts represent the STI awards payable in cash in respect of the relevant financial period. Refer to Table 8.

2 The expense in FY16 relates to deferred shares issued in prior periods. The fair value represents the market value of RCR shares on the date of award and is expensed over three years. Refer to Table 9.

3 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.

4 Other benefits represent other short-term employee benefits provided to the KMP.

5 Long Service Leave represents amounts accrued for long service leave entitlements. Long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by Executives up to the reporting date.

6 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 11.

7 No comparative for Mr Joe Gugliotta, who joined the Company on 1 November 2015.

3.7 STI Awards

There were no STIs awarded to Executives as the Company's performance in FY16 did not meet the minimum performance thresholds (see Section 3.3) set by the Board at the beginning of year.

Table 8 – STI Awards FY16 and FY15 for Executives

						Share-Based Payment Expense		
	FY	STI Cash $	STI Deferred Shares[1] $	STI Vested for Achieving Performance Criteria	STI Forfeited Because Performance Criteria Not Met	FY15 $	FY16 $	FY17 $
Current Executives								
Paul Dalgleish	2016	-	-	0%	100%	-	-	-
	2015	748,770	148,770	60%	40%	49,590	49,590	49,590
Andrew Phipps	2016	-	-	0%	100%	-	-	-
	2015	281,644	39,951	67%	33%	13,317	13,317	13,317
Joe Gugliotta	2016	-	-	0%	100%	-	-	-
	2015[2]	-	-	-	-	-	-	-
Graham Salter	2016	-	-	0%	100%	-	-	-
	2015	128,183	18,183	33%	67%	6,061	6,061	6,061
Total	2016	-	-			-	-	-
Total	2015	1,158,597	206,904			68,968	68,968	68,968

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 half cash and half 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.

2 No comparative for Mr Joe Gugliotta, who joined the Company on 1 November 2015.

3.8 Movement in STI Deferred Shares

Table 9 sets out the movement in deferred shares granted to Executives. Deferred shares are subject to a two year restriction period and forfeiture conditions.

Table 9 – STI Deferred Shares Movements During FY16

					Granted in FY16		Vested in FY16[1]		Forfeited				
	Equity	Grant Date	Vesting Date	Opening Balance 1 Jul 15	Number	$	Number	$	Number	$	Closing Balance 30 June 16	Share Based Expense FY16	Fair Value Per Share
Paul Dalgleish	Ordinary Shares	11 Sep 13	31 Aug 15	155,575	-	-	(155,575)	(404,496)	-	-	-	-	$2.60
	Ordinary Shares	10 Sep 14	31 Aug 16	80,429	-	-	-	-	-	-	80,429	77,748	$2.90
	Ordinary Shares	10 Sep 15	31 Aug 17	-	79,556	148,770	-	-	-	-	79,556	49,590	$1.87
Andrew Phipps	Ordinary Shares	10 Sep 14	31 Aug 16	24,834	-	-	-	-	-	-	24,834	24,006	$2.90
	Ordinary Shares	10 Sep 15	31 Aug 17	-	21,365	39,952	-	-	-	-	21,365	13,317	$1.87
Graham Salter	Ordinary Shares	11 Sep 13	31 Aug 15	3,305	-	-	(3,305)	(8,593)	-	-	-	-	$2.60
	Ordinary Shares	10 Sep 15	31 Aug 17	-	9,724	18,183	-	-	-	-	9,724	6,061	$1.87
Total				264,143	110,645	206,905	(158,880)	(413,089)	-	-	215,908	170,722	

1 The value of vested performance rights are calculated as the 5 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.

3.9 Long-Term Incentives Vested for the Performance Period Ending 30 June 2016

A total of 1,142,500 performance rights granted to Executives under the LTI Plan, are subject to two separate performance measures being EPS Growth (weighted at 50%) and TSR (weighted at 50%) over a three year performance period (1 July 2013 to 30 June 2016). For this performance period the following outcomes were achieved. Where the performance condition is not met then the performance rights will lapse.

Table 10 – LTI Vesting to Executives for the Performance Period Ending 30 June 2016

Vesting Condition	Outcome (2013 – 2016)	Percentile Ranking v Comparator Group	% Rights Vested	Number of Rights Vested
EPS (8% to 12.5% per annum)	below EPS hurdle	not applicable	-	-
TSR	-11.25%	79th	100%	571,250

The number of rights vesting (being 571,250 rights) are convertible into 637,087 shares (calculated on the basis of one share for each rights 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). The Board has determined that these vested entitlements will be paid in cash which will be equivalent to the market price of the shares at the vesting date, unless the participant does not hold the requisite minimum level of shareholding in RCR as determined by the Board. The estimated market price to be paid in cash is approximately $1,561,000.

3.10 Long-Term Incentives Granted in FY16 and Movements in Existing Grants

Details of conditional rights held by the Managing Director and other Executives and movements during FY16 are detailed in Table 11.

Table 11 - Details in movement of Rights held during FY16 by Executives

	Type	Performance Hurdles	Grant Date	Performance Period End Date	Balance of Unvested Equity 1 Jul 15	Granted in FY16[1]		Vested in FY16[2]		Lapsed or Forfeited[3]		Balance of Unvested Equity 30 Jun 16[4]	Share-Based Payment Expense FY16[5]	Fair Value Per Security[1]
					Number	Number	$	Number	$	Number	$	Number	$	$
Paul Dalgleish	Rights	EPS	30 Nov 12	30 Jun 15	700,000	-	-	(562,163)	(1,045,623)	(137,837)	(256,377)	-	67,553	1.56
	Rights	TSR	30 Nov 12	30 Jun 15	700,000	-	-	(700,000)	(1,302,000)	-	-	-	47,878	1.11
	Rights	EPS	25 Feb 14	30 Jun 16	216,090	-	-	-	-	-	-	216,090	(311,885)	3.38
	Rights	TSR	25 Feb 14	30 Jun 16	216,090	-	-	-	-	-	-	216,090	201,815	2.34
	Rights	TSR	23 Feb 15	30 Jun 17	235,110	-	-	-	-	-	-	235,110	154,804	1.97
	Rights	EPS	23 Feb 15	30 Jun 17	235,110	-	-	-	-	-	-	235,110	-	2.46
	Rights	TSR	29 Jun 16	30 Jun 18	-	388,600	408,030	-	-	-	-	388,600	136,258	1.05
	Rights	EPS	29 Jun 16	30 Jun 18	-	388,600	617,874	-	-	-	-	388,600	-	1.59
Total					2,302,400	777,200	1,025,904	(1,262,163)	(2,347,623)	(137,837)	(256,377)	1,679,600	296,423	
Andrew Phipps	Rights	EPS	30 Aug 13	30 Jun 15	25,000	-	-	(20,077)	(37,343)	(4,923)	(9,157)	-	6,590	3.10
	Rights	TSR	30 Aug 13	30 Jun 15	25,000	-	-	(25,000)	(46,500)	-	-	-	3,828	1.80
	Rights	Cont. Service	30 Aug 13	1 Jul 15	50,000	-	-	(50,000)	(90,312)	-	-	-	13,180	3.10
	Rights	Cont. Service	30 Aug 13	1 Jul 16	50,000	-	-	-	-	-	-	50,000	50,260	3.01
	Rights	Cont. Service	30 Aug 13	1 Jul 17	50,000	-	-	-	-	-	-	50,000	36,566	2.92
	Rights	Cont. Service	25 Feb 14	1 Jul 15	50,000	-	-	(50,000)	(90,312)	-	-	-	18,123	3.23
	Rights	Cont. Service	25 Feb 14	1 Jul 16	50,000	-	-	-	-	-	-	50,000	56,145	3.13
	Rights	Cont. Service	25 Feb 14	1 Jul 17	50,000	-	-	-	-	-	-	50,000	38,961	3.04
	Rights	EPS	25 Feb 14	30 Jun 15	50,000	-	-	(40,155)	(74,688)	(9,845)	(18,312)	-	18,123	3.23
	Rights	TSR	25 Feb 14	30 Jun 15	50,000	-	-	(50,000)	(93,000)	-	-	-	11,426	2.03
	Rights	EPS	25 Feb 14	30 Jun 16	75,000	-	-	-	-	-	-	75,000	(108,248)	3.38
	Rights	TSR	25 Feb 14	30 Jun 16	75,000	-	-	-	-	-	-	75,000	70,045	2.34
	Rights	TSR	12 May 15	30 Jun 17	75,000	-	-	-	-	-	-	75,000	35,059	1.40
	Rights	EPS	12 May 15	30 Jun 17	75,000	-	-	-	-	-	-	75,000	-	2.01
	Rights	TSR	29 Jun 16	30 Jun 18	-	120,000	126,000	-	-	-	-	120,000	42,077	1.05
	Rights	EPS	29 Jun 16	30 Jun 18	-	120,000	190,800	-	-	-	-	120,000	-	1.59
Total					750,000	240,000	316,800	(235,232)	(432,155)	(14,768)	(27,469)	740,000	292,135	

	Type	Performance Hurdles	Grant Date	Performance Period End Date	Balance of Unvested Equity 1 Jul 15	Granted in FY16[1]		Vested in FY16[2]		Lapsed or Forfeited[3]		Balance of Unvested Equity 30 Jun 16[4]	Share-Based Payment Expense FY16[5]	Fair Value Per Security[1]
					Number	Number	$	Number	$	Number	$	Number	$	$
Joe Gugliotta	Rights	Cont. Service	12 Feb 16	4 Jan 18	-	66,666	71,999	-	-	-	-	66,666	13,535	1.08
	Rights	Cont. Service	12 Feb 16	4 Jan 19	-	66,666	66,666	-	-	-	-	66,666	8,233	1.00
	Rights	Cont. Service	12 Feb 16	4 Jan 20	-	66,668	61,335	-	-	-	-	66,668	5,640	0.92
	Rights	TSR	29 Jun 16	30 Jun 18	-	100,000	105,000	-	-	-	-	100,000	35,064	1.05
	Rights	EPS	29 Jun 16	30 Jun 18	-	100,000	159,000	-	-	-	-	100,000	-	1.59
Total					-	400,000	464,000	-	-	-	-	400,000	62,472	
Graham Salter	Rights	EPS	14 Jan 13	30 Jun 15	50,000	-	-	(40,154)	(74,686)	(9,846)	(18,314)	-	4,704	1.95
	Rights	TSR	14 Jan 13	30 Jun 15	50,000	-	-	(50,000)	(93,000)	-	-	-	3,247	1.35
	Rights	EPS	25 Feb 14	30 Jun 16	37,500	-	-	-	-	-	-	37,500	(40,519)	3.38
	Rights	TSR	25 Feb 14	30 Jun 16	37,500	-	-	-	-	-	-	37,500	26,219	2.34
	Rights	TSR	12 May 15	30 Jun 17	65,000	-	-	-	-	-	-	65,000	22,747	1.40
	Rights	EPS	12 May 15	30 Jun 17	65,000	-	-	-	-	-	-	65,000	-	2.01
Total					305,000	-	-	(90,154)	(167,686)	(9,846)	(18,314)	205,000	16,398	

1 Granted in FY16 - In FY16 KMPs were granted 1,217,200 performance rights with maximum dilution of 0.9%. The value of the grant is the fair value as calculated in accordance with AASB 2 Share-Based Payments. The performance criteria is described in Section 3.4.

2 Vested - LTI awards vested in respect of FY15 performance. The value of vested performance rights is calculated per 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 - The value of lapsed performance rights is calculated per right as the five day volume weighted average prices of RCR shares on ASX on the date of lapsing.

4 Balance of unvested equity awards - Represents the maximum number of performance rights that would vest if the maximum/stretch performance hurdles were achieved. If the minimum/threshold performance hurdles are not achieved then the performance rights lapse. The last sale price of RCR Shares at 30 June 2016 was $1.70.

5 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 portion 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. The fair value of performance rights granted during the year has been calculated at the date of grant by an independent third party using a Binomial valuation analysis. Share-based payment expense related to the EPS rights granted in FY14 will lapse and as they are a non-market conditioned right, the cumulative expense was reversed in FY16.

3.11 Equity Grants – Purchased On-Market and New Share Issues

During FY16, a total of 416,495 (FY15: 105,000) RCR shares were acquired on-market, at a cost $667,638 of to satisfy the vesting of performance rights or STI deferred shares.

During FY16, a total of 1,992,414 RCR shares were issued for no consideration on the vesting of 1,992,414 performance rights for the performance period 1 July 2012 to 30 June 2015. This issue represented 1.4% of the Company's share capital.

3.12 Executives Service Contracts

Remuneration and other terms of employment for the Managing Director, CFO and COO-West are formalised in service agreements.

A summary of the key contractual termination provisions for each KMP in office at 30 June 2016 is set out in Table 12.

Table 12 – Key Contractual Provisions for Current Executives

Executive	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, CFO	RCR Corporate Pty Ltd	No Fixed Term	6 Months	6 Months
Joe Gugliotta, COO-West	RCR Corporate Pty Ltd	No Fixed Term	6 Months	6 Months

4.0 Non-Executive Directors' Remuneration for FY16

4.1 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. Fees are not linked to the financial performance of the Company in order for Non-Executive Directors to be classified as independent.

4.2 Non-Executive Directors' Remuneration Structure and Fee Pool

RCR's remuneration structure for Non-Executive Directors consists of a base Director Fee and Committee Fee for participation on nominated Board subcommittees. All fees are inclusive of statutory superannuation. 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.

Director and Committee Fees are benchmarked and reviewed against market data provided by the Company's independent external advisor.

Non-Executive Directors are also entitled to reimbursement for business-related expenses, including travel expenses and also receive the benefit of coverage under a Directors and Officer insurance policy.

Table 13 – 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	20,000
Committee Member	-	12,000	10,000

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

4.3 Non-Executive Directors' Remuneration

There was no change in the base Board and Committee fees payable in FY16. Total reported remuneration for Non-Executive Directors for FY16 was $820,617 compared with $803,979 in the prior year. The increase reflects a full year's remuneration payable to Ms Sue Palmer who joined the Board part way through FY15 and changes to fees payable to Remuneration Committee Members which were also introduced part way through FY15.

Table 14 – Remuneration of Non-Executive Directors

		Base Fees $	Superannuation $	Total $
Roderick Brown Chairman	2016	198,693	19,308	218,001
	2015	198,419	18,783	217,202
Eva Skira[1]	2016	121,672	11,559	133,231
	2015	133,016	12,644	145,660
Paul Dippie	2016	116,000	-	116,000
	2015	116,000	-	116,000
Lloyd Jones	2016	104,110	9,890	114,000
	2015	105,018	9,982	115,000
Bruce James	2016	105,936	10,064	116,000
	2015	106,242	10,099	116,341
Sue Palmer[2]	2016	112,680	10,705	123,385
	2015	85,640	8,136	93,776
Total	2016	759,091	61,526	820,617
Total	2015	744,335	59,644	803,979

[1] During FY16 Ms Eva Skira was appointed Chair of the Remuneration & Nomination Committee and ceased to be a member of the Audit & Risk Committee.

[2] Ms Sue Palmer joined the RCR Board on 21 August 2014, and during FY16 was appointed as Chair of the Audit & Risk Committee.

5.0 Remuneration Governance

5.1 Responsibility for Setting Remuneration

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.

Members of the Remuneration and Nomination Committee include Ms Eva Skira (Chair of the Committee), Mr Lloyd Jones and Mr Roderick Brown, who is also Chairman of the Board.

The Remuneration and Nomination Committee has responsibility for reviewing the Remuneration Policy and practices applicable to Non-Executive Directors, the Managing Director, CFO, COO and certain other Executives reporting directly to the Managing Director and the COO. The Remuneration and Nomination Committee makes recommendations to the Board on the level and form of remuneration. To assist this process the Remuneration and Nomination Committee involves the Managing Director in deliberations (excluding his own employment and remuneration 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 June 2016. Further information on the Remuneration and Nomination Committee is provided in the Corporate Governance Statement in this Annual Report.

5.2 Use of Remuneration Advisors During the Year

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 KMPs 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 2001*, were made by Guerdon Associates.

6.0 Executive And Director Share Ownership

The Board considers it an important foundation of the RCR's Executive remuneration framework that the executive team hold a significant number of RCR shares to encourage executives to behave like long-term 'owners'.

Table 15 sets out the number of shares held directly, indirectly or beneficially by Non-Executive Directors and Executives (including their related parties) as at 30 June 2016.

Table 15 – Key Management Personnel Shareholdings

KMP	Securities	Opening Balance 1 July 2015 Number	Granted as Compensation Number	Disposed	Net Other Change Number	Closing Balance 30 June 2016 Number
Roderick Brown	Ordinary Shares	136,500	-	-	-	136,500
Bruce James	Ordinary Shares	10,000	-	-	-	10,000
Lloyd Jones	Ordinary Shares	20,000	-	-	-	20,000
Paul Dippie	Ordinary Shares	600,000	-	-	-	600,000
Sue Palmer	Ordinary Shares	-	-	-	-	-
Eva Skira	Ordinary Shares	-	-	-	-	-
Paul Dalgleish[1]	Ordinary Shares	6,977,048	1,341,719	-	-	8,318,767
Andrew Phipps[2]	Ordinary Shares	24,834	256,597	(235,232)	235,232	281,431
Joe Gugliotta	Ordinary Shares	-	-	-	-	-
Graham Salter[3]	Ordinary Shares	3,305	99,878	-	-	103,183
Total		7,771,687	1,698,194	(235,232)	235,232	9,469,881

1 The number of ordinary shares for Dr Dalgleish include 159,985 Ordinary Shares which are classified under the Company's STI Plan as Deferred Shares (as set out in Table 9) and are held by CPU Share Plans Pty Ltd in trust for Dr Dalgleish. These Deferred shares are subject to trading restrictions. It also includes 9,900 Ordinary Shares held in the name of Versailles Pty Ltd <Swartz Super Fund A/C>, Ms Charmaine Swartz as Trustee and Beneficiary of the Swartz Superannuation Fund. Ms Swartz is the wife of Dr Dalgleish. The total number of shares held by Dr Dalgleish and disclosed above represent 5.9% of the issued capital of the Company.

2 The number of ordinary shares for Andrew Phipps include 46,199 ordinary shares which are classified under the Company's STI Plan as Deferred Shares (as set out in Table 9) and are held by CPU Share Plans Pty Ltd in trust for Mr Phipps. These Deferred shares are subject to trading restrictions. It also includes 235,232 ordinary shares held in the name of Phipps Family Fund Pty Ltd for the Phipps Superannuation Fund, of which Mr Phipps is a beneficiary, which were transferred from Mr Phipps into his self-managed superannuation fund during the year.

3 The number of ordinary shares for Graham Salter include 9,724 ordinary shares which are classified under the Company's STI Plan as Deferred Shares (as set out in Table 9) and are held by CPU Share Plans Pty Ltd in trust for Mr Salter. These Deferred shares are subject to trading restrictions.

Share Trading Restrictions

RCR's Securities Trading Policy reflects the Corporations Act prohibition on key management personnel and their closely related parties entering into any arrangement that would have the effect of limiting the key management personnel's exposure to risk relating to an element of their remuneration that remains subject to restrictions on disposal.

During FY16, the Board approved amendments to RCR's Securities Trading Policy. The changes related primarily to the trading periods available to key management personnel and other nominated personnel ("restricted personnel"). Under the policy, restricted personnel may only deal in RCR Securities during any of the following periods and provided that they are not in possession of Inside Information ("Trading Windows"):

a) the six week period beginning on the day after the ASX Announcement of the Company's half year results;

b) the six week period beginning on the day after the ASX Announcement of the Company's full year results;

c) the three week period beginning the day after the Company's Annual General Meeting; or

d) such other periods advised by the Board or the CEO in writing to restricted personnel.

Restricted personnel and any of their immediate family and/or controlled entities are also required to obtain consent from the RCR's Company Secretary for dealings in RCR's securities. The Company Secretary refers all requests to the Chairman and the Managing Director for approval. Approval from the Chairman is required for requests from RCR Directors. Approval cannot be requested for dealings that are subject to prohibitions under the Corporations Act. The policy is available on the Corporate Governance section of the company's website at www.rcrtom.com.au. Breaches of the policy are subject to disciplinary action, which may include termination of employment.

Corporate Governance

Corporate Governance at RCR

The Board is ultimately responsible for all corporate governance matters of the Company and is accountable to shareholders for the performance of the Company. The Board oversees a governance framework which aims to ensure standards of corporate governance are maintained in all parts of the business.

The Board continues to refine and develop its governance policies and practices to meet the needs of the business and the interest of shareholders and other stakeholders.

Details of RCR's Corporate Governance policies can be found on the Company's website, www.rcrtom.com.au.

This statement reports on RCR's key governance framework, principles and practices as at 24 August 2016 and has been approved by the Board.

ASX Principles of Corporate Governance

As a listed entity, RCR must comply with the Corporations Act 2001 Cth ("Corporations Act"), the Australian Securities Exchange Limited Listing Rules ("ASX Listing Rules") and other laws applicable in Australia and in countries where the Company 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 3rd Edition ("ASX Principles") released by the ASX Corporate Governance Council in March 2014. These ASX Principles require the Board to carefully consider the development and adoption of appropriate corporate governance policies and practices founded on the ASX Principles.

RCR's corporate governance practices were in place throughout FY16, unless otherwise stated.

RCR's compliance with the ASX Principles is detailed below. A checklist, cross referencing the ASX Principles to the relevant section of this statement and the Remuneration Report, is provided at pages 72 to 74 of this statement.

1 Principle 1 - Lay Solid Foundations for Management and Oversight

1.1 The Role and Responsibilities of the Board

The Board has adopted a formal Board Charter that sets out the role and responsibilities of the Board, describes the separate functions of Directors and management and matters specifically reserved for the Board and powers delegated to its Committees and to the Managing Director.

The primary role of the Board is to set the Company's strategic direction, report to shareholders and to appoint the Managing Director to oversee the day-to-day management and operations of the Company.

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 Managing Director. Evaluating the performance of the Managing Director and approving the remuneration for the Managing Director and those Executives reporting directly to the Managing Director;
- 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 the Company's risk management policy, monitoring systems of risk management and oversight of the internal audit function; and
- reporting to shareholders - communicating with the Company's shareholders and the investment community.

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

1.2 Responsibilities of Chairman

The Chairman of the Board, Mr Roderick Brown is an independent, Non-Executive Director.

The Chairman is responsible for leadership of the Board, for the efficient running of the organisation and conduct of the Board's function and for the promotion of relations between Board members and management that are open, cordial and conducive to productive co-operation. The Chairman's responsibilities are set out in more detail in the Terms of Reference for the Chairman. Key responsibilities include:

- Leading the Board in its duties;
- Facilitating effective Board meeting discussion; and
- Overseeing the process to evaluate the performance of the Board and individual Directors.

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.

1.3 Responsibilities of Managing Director

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

The Managing Director's services are governed by a written employment agreement, which is regularly reviewed against corporate objectives and other KPI's. The responsibilities of the Managing Director are detailed in the Terms of Reference for the Managing Director and in his Services Agreement. The powers of the Managing Director are set out in the Company's Delegation of Authority.

1.4 Management Performance

During the year an annual performance review was completed for the Managing Director and other Senior Executives.

The Company has an annual performance review process for senior executives. This process includes evaluation of current performance, discussion of expectations for future performance and delivery against strategic objectives of the business. The process also includes review of future professional development opportunities that may enhance prospects for development and progression in the Company.

1.5 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. This includes assisting the Board and its Committees with meetings and Directors' duties, advising the Board and Executives on corporate governance matters, recording minutes of Board and Committee meetings and acting as the interface between the Board and Executive. All Directors have access to advice from the Company Secretary.

The Company Secretary is required to be a member of the Governance Institute of Australia. Details regarding the Company Secretary, including his experience and qualifications are set out in the Directors' Report.

1.6 Diversity within RCR

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 ensuring 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 2016, the gender representation metrics were as follows:

- two of six (33%) Non-Executive Directors on the Board are female;
- one female holds an executive role;
- 13% of senior management/professional roles are occupied by females, an increase on 1% on the prior year; and
- 4% of management and supervisory roles are held by women.

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

Proportionally, a significant number of the Company'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 are low across the industry as a whole, and this is reflected in the gender balance of the Company's workforce and industry.

Whilst female participation rates are typically higher in functions such as Administration, Legal, HR, Finance, and Project Support, the Company continues to advocate the recruitment of diversity in non-traditional functions.

Age Diversity

The Company recognises the value of having a multi-generational workforce. This enables the Company to provide high quality, practical services that deliver innovation to our diverse client base by incorporating the breadth of knowledge, skill and expertise of mature age employees and the new ideas and application of new technologies engendered by younger employees. The Company's workforce is balanced at an average of 34% 17-34 years old, 28% 35-44 years old and 38% aged 45 and above.

Diversity Objectives for FY16

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

Objective	Outcome
Provision and promotion of suitable flexible working arrangements for employees with family responsibilities	The Company has arrangements in place for employees whose family responsibilities require flexibility.
Creation of a diverse workforce	During the period, the Company acquired a business from a government authority. The acquisition has also seen the successful integration and inclusion of a previously government based workforce into private enterprise. In broad terms, the Company strives to continually increase all aspects of its diversity profile and improve all aspects of its operations that have the ability to positively influence diversity and inclusion.
Annual remuneration review to ensure gender parity	During the period, an annual remuneration review was undertaken to ensure gender parity.
To promote indigenous employment participation in the workforce	During the period, the Company entered into an arrangement with an indigenous company to increase indigenous participation rates in the government and resource based projects awarded to the Company.
Promotion of trade apprentices to females, indigenous and mature age candidates	RCR actively promotes female, mature age and indigenous candidates to apply for advertised apprenticeships and traineeships.

Workplace Gender Equality Agency Report

The Company lodged its Workplace Gender Equality Agency ("WGEA") Annual Report on gender equality performance as required under the Workplace Gender Equality Act.

> A copy of the Company's Workplace Gender Equality Agency Annual Report is available in the corporate governance section of RCR's website.

2 Principle 2 - Structure the Board to Add Value

2.1 Board Composition, Skills and Experience

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 statement, the Board consists of seven Directors, including six Independent Non-Executive Directors and the Managing Director. The details of the composition of the Board are set out in Table 1.

Table 1 - Composition of the Board

Director	Position	Independence	Qualifications	Term in Office
Mr Roderick Brown	Chairman, Non-Executive Director	Independent	AWASM, MAICD, AusIMM	Director since October 2005 Chairman since January 2008
Dr Paul Dalgleish	Managing Director and CEO	Executive	DBA, MA, BEng (Hons), FIEAust, MAICD	CEO since May 2009 Managing Director since October 2011
Ms Eva Skira	Non-Executive Director	Independent	BA (Hons), MBA, SF Fin (Life Member), FAICD, FAIM, FGIA	May 2008
Mr Paul Dippie	Non-Executive Director	Independent	NZCE, MAICD	March 2007
Mr Lloyd Jones	Non-Executive Director	Independent	BEng, MBA, GAICD	November 2013
Mr Bruce James	Non-Executive Director	Independent	BEng (Civil), MAICD	January 2014
Ms Sue Palmer	Non-Executive Director	Independent	BCom, CA, FAICD	August 2014

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

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 Managing Director should not be filled by the same person;
- the Managing Director 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.

Were a Director is seeking election or re-election, details on the Directors skills, experience and qualifications are given in the notice of meeting.

2.2 Board Skills

The Board, through the Chairman, reviews the composition of the Board and succession planning for Non-Executive Directors. The Board uses the skills matrix below to guide its assessment of the skills and experience of the current Non-Executive Directors and the future needs of the Board.

Table 2 - Areas of Competence and Skills of the Board

Area	Competence
Leadership	Business and Executive Leadership; Public Company Experience; Commercial Acumen Corporate Governance; Health & Safety; Industrial Relations; Government Relations.
Business and Finance	Accounting qualifications; Business Strategy; Mergers & Acquisition; Financial Literacy; Understanding of Risk Management.
Technical	Engineering qualifications; Experience in construction and maintenance, oil & gas, water, energy, mining and infrastructure sectors; Large contract management experience.
International	Experience with businesses in New Zealand, Asia and other countries.

2.3 Director Independence

The independence of a Director is 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 the Company, 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.

Relationships that Board take into consideration when assessing independence are whether a Director:

- is not a substantial holder (i.e. 5% or more of the voting stock) of the Company or any subsidiary or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- has not been employed in an executive capacity by the Company or any subsidiary within the last three years, or been a Director after ceasing to hold any such employment;
- has not been a principal of a material professional adviser or a material consultant to the Company or any subsidiary within the last three years, or an employee materially associated with the service provided;
- is not a material customer of the Company or any subsidiary who accounts for more than 5% of the Company's consolidated gross revenue;
- is not a supplier to the Company or any subsidiary who accounts for more than 5% of the supplier's gross revenue;
- has no material contractual relationship with the Company or any subsidiary other than as a Director of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interest of the Company; and
- has been a Director of the Company for such a period that his/her independence may have been compromised.

During the year the Remuneration and Nomination Committee 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.

2.4 Board Meetings

The Chairman, in conjunction with the Managing Director sets the agenda for each Board meeting. Any Director may request additional matters be added to the agenda. The Chief Financial Officer and Company Secretary attends 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.

Particulars of the number of meetings of the Board of Directors and each Board Committee of Directors held and attended by each Director during FY16 are set out in the Directors' Report.

2.5 Board Access to Independent Advice

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.

2.6 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.

2.7 Board Renewal and Succession Planning

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

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. The Board may engage an independent recruitment firm to undertake a search for suitable candidates, undertake reference checks and review relevant clearances.

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.

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.

2.8 Board Performance Evaluation

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.

A Board performance review, together with a performance review of the Board committees, was last conducted in September 2015. 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 Managing Director.

2.9 Directors' Appointment, Induction Training and Continuing Education

All Board candidates are screened by professional recruitment agencies, which undertake the appropriate checks before putting a candidate forward to the Board.

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 Managing Director, 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. This includes attending industry seminars, briefings, and approved education courses (e.g. via the Australian Institute of Company Directors education programs). 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, the Board receives regular briefings at Board meetings from executives who have responsibility for relevant lines of business and undertakes site visits.

2.10 Board Committees

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 are chosen for the skills, experience and other qualities they bring to the committees. Each committee is chaired by an Independent Non-Executive Director. All committees comprise only Independent Non-Executive Directors.

Table 3 – Board Committees and Membership

Committee	Members	Key responsibilities	Composition
Audit and Risk Committee	Sue Palmer (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 and Nominations Committee	Eva Skira (Chair) Roderick Brown Lloyd Jones	Assists the Board in considering remuneration policies, practices and decisions. Ensures the Board and the Managing Director have the necessary range of skills, expertise and experience to further corporate objectives.	At least Three Non-Executive Directors
Takeover Response Working Group	Eva Skira (Chair) Roderick Brown Lloyd Jones	Assists the Board to manage and prepare for any unsolicited takeover response.	Such members as the Board determines from time to time

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.

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.

Executive management attends, by invitation, Board committee meetings and 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.

3 Principle 3 - Promote Ethical and Responsible Decision-Making

3.1 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 health, safety and environment systems are regularly reviewed with the objective of ensuring continuing compliance and to improve health, safety and environment practices. The Company's management system includes standards for health, safety and environment, to guide management at operations.

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.

3.2 Code of Conduct, Whistleblower and Anti-Bribery and Corruption Policies

Code of Conduct

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 assists the Company to effectively manage its operating risks and meet its legal and compliance obligations, as well as enhance RCR's 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 Company's Employee Code of Conduct is available in the corporate governance section of RCR's website.

Whistleblower Policy

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 the Company;
- provide an external confidential helpline which can be used for reporting unacceptable conduct; and
- help people who report unacceptable conduct in good faith.

The Audit & Risk Committee receives regular reports on matters reported under the Whistleblower Policy.

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

Anti-Bribery and Corruption Policy

During the year the Board approved an Anti-Bribery and Corruption Policy, which details the Company's commitment to conducting business and our associated activities with integrity, free from dishonesty and improper behaviour.

> A copy of the Company's Anti-Bribery and Corruption Policy is available in the corporate governance section of RCR's website.

4 Principle 4 - Safeguarding Integrity In Financial Reporting

The Company has in place a structure of review and authorisation which independently verifies and safeguards the integrity of its financial reporting.

4.1 Audit & Risk Committee

The Audit & Risk Committee assists 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.

On 21 November 2015, Ms Sue Palmer was appointed to the Audit & Risk Committee. Ms Palmer is highly experienced in financial management of large engineering and construction companies and during the coming financial year will assume the role of Chair of the Board's Audit and Risk Committee.

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 Managing Director, 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.

4.2 Management Assurance Declaration

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

The Managing Director and Chief Financial Officer provide, at the end of each six monthly period, a formal declaration to the Board confirming that the Company's financial reports present a true and fair view, in all material respects, and the Company'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 Sections to the Financial Statements are 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.

4.3 External Auditor Relationship

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.

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.

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 to maintain the independence of the external auditor and to assess whether the provision of any proposed non-audit services by the external auditor are 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, the External Auditor Policy 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 unacceptable 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 2016. 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 FY16 are set out in the Directors' Report.

5 Principle 5 - Make Timely and Balanced Disclosure

5.1 Continuous Disclosure

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.

5.2 Securities Trading Policy

The Company's Securities Trading Policy remains in compliance with the 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 outside defined trading windows, which are set out in the Company's Securities Trading Policy.

Non-Executive Directors and the Managing Director 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 Managing Director 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) 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 Principle 6 - Respect The Rights Of Shareholders

6.1 Shareholder Engagement

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 ("AGM").

All relevant company information for shareholders and investors is including the Company's Annual Report and available in the Investors and corporate governance sections 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 also has an investor relations program to facilitate communication of the Company's objectives to investors. This program includes briefings to institutional investors post the release of the Company's half year and full year results and at investor conferences, including ASX investor conferences.

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 AGMs. 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 Managing Director reporting to shareholders at the Company's AGM;
- 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.

7 Principle 7 - Recognise And Manage Risk

7.1 Approach to Risk Management

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

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

7.2 Risk Management Roles and Responsibilities

The Board is responsible for approving the Company's Risk Management Policy. The Audit & Risk Committee reviews the Company's Risk Management Framework annually and receives quarterly reports on material risks and is also briefed on any potential fraud, whistleblower matters and internal audit findings. The Company's management is responsible for applying the Risk Management Policy, identification of risks and implementing mitigation measures.

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:

- annual review of the Company's strategic plan;
- implementation of Board approved annual operating budgets and plans, then monitoring of actual progress against those;
- an approved Delegation of Authority, which sets out the financial and non-financial approval limits reserved to the Board and delegated by the Board to the Managing Director, Executive Management and other personnel.
- Board oversight of material tenders and contracts that exceed the delegation of the Managing Director. The Board has reserved powers to approve material tenders as defined in the Company's Delegation of Authority;
- the Audit & Risk Committee assisting the Board to fulfilling its governance and oversight responsibilities in relation to financial statements, financial controls and enterprise risk; and
- both Board and Audit & Risk Committee receives quarterly reports on material business risks.

7.3 Risk Framework and Material Risks

The Company's risk framework is based on International Standard ISO 31000:2009, Risk Management - Principles and Guidelines and forms the basis of the Company's risk management activities.

During the year, the Audit & Risk Committee undertook a review of the Company's Risk Framework and Risk Management Policy and received regular updates on material risks.

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

7.4 Economic, Environmental and Social Sustainability Risks

The Company's operations are largely service based and therefore the Company does not consider it has any material environmental risks. The Company's material economic and social sustainability risks are set out in the Directors' Report, which include:

Risk Type	Identified Material Risk
Social	Health and Safety
	Reputational Risk
Economic/Strategic	Demand Risks
	Competition Risks
	Strategic and Operational Risks
	Project Delivery

RCR's ability to manage the sustainability of its business is important for its long-term success. The following summarises how RCR manages some of its OH&S and environmental risks. RCR has various OH&S and Environmental Policies that set out the accountabilities of the Company and its employees who are expected to take personal responsibility and be involved in setting and complying with standards and policies.

The Company's OH&S system provides standards and accountabilities to safeguard against hazards and manage risks. In addition to regular audits of its OH&S system, the Directors and Executives undertake site visits to confirm/observe the Company's safety systems are operating soundly. The Company uses Australian Standard AS4801 to maintain the integrity of its OH&S management systems. The Company's health and safety performance is monitored through a number of leading and lagging indicators, including LTIFR and TRIFR.

The Company operates across a diverse range of industries and manages environmental risks through a risk-based approach using AS14001. The Company records all environmental incidents. The Company monitors its impacts on the environment, energy consumption and carbon emissions annually under the National Environment Protection (National Pollutant Inventory) Measure 1998 Act and National Greenhouse and Energy Reporting Act 2007.

7.5 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 internal audit reports which include management's responses to internal audit reviews. The internal audit is supplemented by external audit and forensic data analytics services.

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.

7.6 Other Audits for Accreditations

In addition to internal audit activities, the company is subject to external audits from clients and third parties who seek to verify the Company's compliance for the purposes of various accreditations (i.e. quality, safety and industry accreditations).

8 Principle 8 - Remunerate Fairly And Responsibly

8.1 Remuneration and Nomination Committee

The Board has established a Remuneration and Nominations Committee to assist the Board to review and approve 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 Executives 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 between four to six 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.

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

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

8.2 Executive Remuneration

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 generates returns for shareholders.

8.3 Director Remuneration

The current fee pool for Non-Executive Directors is $950,000 p.a. 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.

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	Prior to appointing a Director a company should undertake appropriate checks (e.g. checks as to the person's character, experience, education, criminal record and bankruptcy history) before appointing a person, or putting forward to security holders a candidate for election, as a Director and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.	2.9	Comply
1.3	A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	1.3, 2.9	Comply
1.4	The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	1.5	Comply
1.5	A Listed entity shall have: a) have a Diversity Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; b) disclose that policy or a summary of it; and c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: ▪ the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or ▪ if the entity is a "relevant employer" under the WGEA, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	1.6	Comply
1.6	A listed entity should: a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	1.2, 2.8	Comply
1.7	A listed entity should have and disclose a process for periodically evaluating the performance of its senior executives; and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	1.4	Comply
2.0	Structure the Board to Add Value		
2.1	The Board of a listed entity should have a nomination committee which: ▪ has at least three members, a majority of whom are independent Directors; and ▪ is chaired by an independent Director, and disclose: ▪ the charter of the committee; ▪ the members of the committee; and ▪ as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	2.10, 8.1	Comply
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	2.2	Comply

Principle	ASX Corporate Governance Principles and Best Practice Recommendations	Reference	Compliance
2.3	Disclose: a) the names of the Directors considered by the Board to be independent Directors; b) if a Director has an interest, position, association or relationship of the type described in Principle 2.3 but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and c) the length of service of each Director.	2.1, 2.3	Comply
2.4	A majority of the Board of a listed entity should be independent Directors.	2.3	Comply
2.5	The chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the Managing Director of the entity.	1.2, 2.3	Comply
2.6	A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.	2.9	Comply
3.0	Promote Ethical and Responsible Decision-Making		
3.1	The Board of a listed entity should have a code of conduct for its Directors, senior executives and employees and disclose that code or a summary of it.	3.2	Comply
4.0	Safeguard integrity in Corporate Reporting		
4.1	The Board of a listed entity should have an audit committee which: ▪ has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent Directors; and ▪ is chaired by an independent Director, who is not the chair of the board, and disclose: ▪ the charter of the committee; ▪ the relevant qualifications and experience of the members of the committee; and ▪ in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	2.10, 4.1	Comply
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its Managing Director and Chief Financial Officer a declaration that, in their opinion: ▪ the financial records of the entity have been properly maintained; ▪ the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity; ▪ the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively; and ▪ the institution of processes to ensure Managing Director and the Chief Financial Officer declarations are tabled at Board meeting that approve financial statements.	4.2	Comply
4.3	Ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	4.3	Comply
5.0	Make Timely and Balanced Disclosure		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	5.1, 5.2	Comply

Principle	ASX Corporate Governance Principles and Best Practice Recommendations	Reference	Compliance
6.0	Respect the Rights of Security Holders		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Company Website	Comply
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	6.1, Company Website	Comply
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	6.1	Comply
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	6.1	Comply
7.0	Recognise and Manage Risk		
7.1	The Board of a listed entity should have a committee or committees to oversee risk, each of which: ▪ has at least three members, a majority of whom are independent Directors; and ▪ is chaired by an independent Director, and disclose: ▪ the charter of the committee; ▪ the members of the committee; and ▪ as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	2.10, 7.1, Directors' Report	Comply
7.2	The Board or a committee of the Board should: a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and b) disclose, in relation to each reporting period, whether such a review has taken place.	7.3	Comply
7.3	A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs.	7.5	Comply
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	7.4	Comply
8.0	Remunerate Fairly and Responsibly		
8.1	The Board should establish a Remuneration Committee.	2.10, 8.1	Comply
8.2	The Remuneration Committee should be structured so that it: ▪ has at least three members, a majority of whom are independent Directors; and ▪ is chaired by an independent Director, and disclose: ▪ the charter of the committee; ▪ the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	2.10, 8.1	Comply
8.3	A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and other senior executives.	8.2, 8.3, Remuneration Report	Comply
8.4	A listed entity which has an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and disclose that policy or a summary of it.	Directors' Report, Company Website	Comply

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24 August 2016

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

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 2016, 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
DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants

Financial Statements 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

	Section	2016 $'000	2015 $'000
Continuing Operations			
Sales Revenue	3.1(a)	890,529	1,033,557
Cost of Sales	3.3(a)	(844,992)	(935,970)
Gross Profit		45,537	97,587
Other Income	3.1(b)	2,357	21,365
Administrative Expenses	3.3(b)	(32,172)	(50,239)
Finance Costs	3.3(c)	(4,145)	(4,886)
Transaction Costs Associated with ECS Acquisition	6.1	(1,223)	-
Other Expenses		(1,737)	(4,306)
		(36,920)	(38,066)
Profit Before Income Tax		8,617	59,521
Income Tax Benefit/(Expense)	3.7.1	366	(12,133)
Profit for the Year from Continuing Operations		8,983	47,388
Discontinued Operations			
Loss for the Year from Discontinued Operations	3.5	(25,174)	(8,308)
(Loss)/Profit for the Year		(16,191)	39,080
Other Comprehensive Income, Net of Income Tax			
Items that may be Reclassified Subsequently to Profit or Loss			
Exchange Difference on Translation of Foreign Operations	5.6(b)	2,002	(1,151)
(Loss)/Gain on Foreign Exchange Contracts Entered into for FX Hedges	5.6(c)	(191)	372
Gain on Interest Rate Swap Contracts Entered into for Borrowing Hedges	5.6(c)	172	156
Other Comprehensive Income/(Loss) for the Year, net of Income Tax		1,983	(623)
Total Comprehensive (Loss)/Income for the Year		(14,208)	38,457
Earnings per Share			
From Continuing and Discontinued Operations			
Basic Earnings per Share (cents per share)	3.8	(11.59)	28.24
Diluted Earnings per Share (cents per share)	3.8	(11.59)	27.17
From Continuing Operations			
Basic Earnings per Share (cents per share)	3.8	6.43	34.24
Diluted Earnings per Share (cents per share)	3.8	6.25	32.95

The accompanying Sections form part of these Financial Statements.

Consolidated Statement of Financial Position

As at 30 June 2016

	Section	2016 $'000	2015 $'000
Current Assets			
Cash and Cash Equivalents	5.1.1	15,572	49,170
Trade and Other Receivables	4.1	193,729	213,206
Inventories	4.2	14,410	17,556
Current Tax Assets	3.7.2(a)	243	-
Other Current Assets	4.3	7,873	8,644
Total Current Assets		231,827	288,576
Non-Current Assets			
Property, Plant and Equipment	4.4	47,074	49,593
Deferred Tax Assets	3.7.3	65,420	51,600
Goodwill	4.5	128,073	117,575
Other Intangible Assets	4.5	72,055	79,197
Total Non-Current Assets		312,622	297,965
Total Assets		544,449	586,541
Current Liabilities			
Trade and Other Payables	4.6	101,289	129,683
Lease Liabilities	5.2.3	-	216
Borrowings	5.2.1	50,000	20,236
Current Tax Liabilities	3.7.2(b)	-	203
Provisions	4.8	49,325	43,202
Deferred Revenue	4.7	26,360	32,909
Total Current Liabilities		226,974	226,449
Non-Current Liabilities			
Borrowings	5.2.1	21,124	40,878
Provisions	4.8	8,379	3,070
Total Non-Current Liabilities		29,503	43,948
Total Liabilities		256,477	270,397
Net Assets		287,972	316,144
Equity			
Issued Capital	5.5	136,488	134,127
Reserves	5.6	(10,288)	(8,912)
Retained Earnings		161,772	190,929
Total Equity		287,972	316,144

The accompanying Sections form part of these Financial Statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2016

	Section	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 2014		128,430	(6,770)	1,595	(555)	166,435	289,135
Profit for the Year		-	-	-	-	39,080	39,080
Other Comprehensive Loss		-	-	(1,151)	528	-	(623)
Total Comprehensive Income for the Year		-	-	(1,151)	528	39,080	38,457
Share Buy-Back	5.5(a)	(573)	-	-	-	-	(573)
Tax Effect Relating to Share Costs	5.5(a)	(5)	-	-	-	-	(5)
Acquisition of Treasury Shares - On Market	5.5(b)	(215)	-	-	-	-	(215)
Issue of Treasury Shares to Employees	5.6(a)	6,490	(6,490)	-	-	-	-
Share-Based Payments	5.6(a)	-	3,432	-	-	-	3,432
Tax Effect Relating to Share-Based Payments	5.6(a)	-	499	-	-	-	499
Dividends Paid	5.7	-	-	-	-	(14,586)	(14,586)
Balance at 30 June 2015		134,127	(9,329)	444	(27)	190,929	316,144
Balance at 1 July 2015		134,127	(9,329)	444	(27)	190,929	316,144
Loss for the Year		-	-	-	-	(16,191)	(16,191)
Other Comprehensive Income		-	-	2,002	(19)	-	1,983
Total Comprehensive Loss for the Year		-	-	2,002	(19)	(16,191)	(14,208)
Share Buy-Back	5.5(a)	(1,257)	-	-	-	-	(1,257)
Share Buy-Back Costs	5.5(a)	(3)	-	-	-	-	(3)
Tax Effect Relating to Share Costs	5.5(a)	(4)	-	-	-	-	(4)
Acquisition of Treasury Shares - On Market	5.5(b)	(668)	-	-	-	-	(668)
Issue of Treasury Shares to Employees	5.6(a)	4,293	(4,293)	-	-	-	-
Share-Based Payments	5.6(a)	-	1,202	-	-	-	1,202
Tax Effect Relating to Share-Based Payments	5.6(a)	-	1,293	-	-	-	1,293
Transfer Cash-Settled Rights to Liabilites	5.6(a)	-	(1,561)	-	-	-	(1,561)
Dividends Paid	5.7	-	-	-	-	(12,966)	(12,966)
Balance at 30 June 2016		136,488	(12,688)	2,446	(46)	161,772	287,972

The accompanying Sections form part of these Financial Statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2016

	Section	2016 $'000	2015 $'000
Cash Flows from Operating Activities			
Receipts from Customers		1,045,195	1,237,676
Payments to Suppliers and Employees		(1,049,958)	(1,201,962)
Cash (Used in)/Generated from Operations		(4,763)	35,714
Income Tax (Paid)/Received		(864)	1,928
Other Income		1,069	355
Finance Costs		(4,099)	(5,230)
Net Cash (Used in)/Generated by Operating Activities	5.1.2	(8,657)	32,767
Cash Flows from Investing Activities			
Interest Received		119	673
Proceeds from Sale of Property, Plant and Equipment		3,180	38,232
Purchase of Property, Plant and Equipment		(13,155)	(10,629)
Payment for Subsidiary and Other Businesses, Net of Cash Acquired	6.1(c)	(10,400)	-
Net Cash (Used in)/Generated from Investing Activities		(20,256)	28,276
Cash Flows from Financing Activities			
Payment For Buy-Back Of Shares	5.5(a)	(1,257)	(573)
Payment for Share Buy-Back Costs	5.5(a)	(3)	-
Payment for Shares Acquired by RCR Employee Share Trust	5.5(b)	(668)	(215)
Proceeds from Borrowings		30,000	-
Repayment of Borrowings		(20,000)	(38,750)
Repayment of Lease Liabilities		(216)	(91)
Dividends Paid	5.7	(12,966)	(14,586)
Net Cash Used in Financing Activities		(5,110)	(54,215)
Net (Decrease)/Increase in Cash and Cash Equivalents		(34,023)	6,828
Cash and Cash Equivalents at the Beginning of the Year		49,170	42,594
Effects of Exchange Rate Changes on Balance of Cash Held in Foreign Currencies		425	(252)
Cash and Cash Equivalents at the End of the Year	5.1.1	15,572	49,170

The accompanying Sections form part of these Financial Statements.

Sections to the Financial Statements

Section 1 General Information

1.1 Reporting Entity

RCR is a limited company incorporated in Australia. The addresses of the Company's registered office and principal places of business are disclosed in the Corporate Directory. The principal activities of the Company are described in the Directors' Report.

1.2 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 Company. 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 Sections comply with International Financial Reporting Standards ("IFRS").

The Financial Statements were authorised for issue by the Directors on 24 August 2016.

1.3 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. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars ("AUD"), unless otherwise noted.

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

1.4 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 Company accounting policies.

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

1.5 Application of New and Revised Accounting Standards

In the current year, the Company has applied a number of amendments to AASBs and new Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

Standards Affecting Presentation and Disclosure:

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. The application of these amendments does not have any material impact on the disclosures in the Company's consolidated Financial Statements.

Sections to the Financial Statements

Section 1 General Information (continued)

1.6 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 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards - Effective date of AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-3 'Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

The Company is in the process of assessing the impact of the above Standards.

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
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	1 January 2018	30 June 2019

1.7 Comparative Figures

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

1.8 Rounding of Amounts

The Company has applied the relief available to it ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument, dated 24 March 2016. Accordingly, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Sections to the Financial Statements

Section 2 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 Company.

Key Estimates and Judgements

- 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. Determining the stage of completion requires an estimate of expenses incurred to date as a percentage of total estimated cost. Where variations and claims are made to the contract, assumptions are made regarding the probability that the customer will approve the variations and claims and the amount of revenue that will arise. Changes in these estimation methods could have a material impact on the Financial Statements of RCR. Refer to Section 4.1.1 for further information.

- Provision for Loss on Long-Term Contracts

The Company 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.

- Discontinued Operations

During the year, the Company reorganised its business and closed 14 local branches and two international businesses. The loss after tax associated with discontinued operations is disclosed in the Consolidated Statement of Profit or Loss. Refer to Section 3.5 for further information.

- Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the Company 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 Section 4.4 and 4.5 for further information.

- Taxation

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are to be recognised in the Consolidated 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. Refer to Section 3.7 for further information.

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 legislation or circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the Consolidated Statement of Financial Position 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.

- 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 the 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 Australian corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows. Refer to Section 4.8 for further information.

- Share-Based Payments

The Company provides benefits to employees (including Senior Executives) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

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 ASX. Refer to Section 5.6(a) for further information.

Sections to the Financial Statements

Section 3 Results For The Year

This Section focuses on the results and performance of the Company and includes disclosures explaining the Company's results for the year, segment information, capital and leasing commitments, taxation and EPS.

3.1 Revenue

Accounting Policies

Revenue Recognition

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

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company 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 Company; 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. 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. 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 ("GST").

The following is an analysis of the Company's revenue and other income for the year from continuing operations:

3.1(a) Revenue from Operating Activities	2016 $'000	2015 $'000
Construction Contracts	588,622	607,549
Service Contracts and Sale of Goods	301,907	426,008
Total Revenue from Operating Activities	890,529	1,033,557

3.1(b) Other Income		
Net Gain on Disposal of Property, Plant and Equipment	508	16,357
Interest Received	119	672
Other	1,730	4,336
Total Other Income	2,357	21,365

Section 3 Results For The Year (continued)

3.2 Operating Segments

Accounting Policies

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 Company 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.

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 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.

Operating Segments

RCR operated through three business units during FY16 – Infrastructure, Energy and Resources.

Infrastructure – RCR Infrastructure is a leading provider of rail and transport, renewable energy, water, electrical, HVAC, oil & gas and technical facilities management services. The business operates through the key brands of RCR, O'Donnell Griffin, Haden and Resolve FM.

The business' core capabilities encompass; electrical and instrumentation services; railway signalling and overhead wiring systems; renewable systems (solar and wind); power generation, transmission and distribution systems and generator maintenance; high voltage cabling, switchboards and process control instrumentation; fire and data communication 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, SE Asia and Vietnam.

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.

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 and heat treatment services to off-site repairs and maintenance of heavy engineering equipment. The business also operates a number of regional workshops across WA (including the Pilbara region), SA, QLD and NSW.

Discontinued Operations

The segment information reported below does not include the results for discontinued operations, which are described in more detail in Section 3.5.

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.

Unallocated Corporate Costs	Section	2016 $'000	2015 $'000
Amortisation	4.5	(8,121)	(7,139)
Other Corporate Costs		(2,035)	(2,160)
Total Unallocated Corporate Costs		(10,156)	(9,299)

Section 3 Results For The Year (continued)

	Infrastructure		Energy		Resources		Corporate (Incl Elim.)		Consolidated Group	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Sales Revenue	539,695	607,898	159,546	161,815	244,404	299,912	(53,116)	(36,068)	890,529	1,033,557
Segment EBIT (Before Transaction Costs and Non-Recurring Items)	24,298	42,881	1,514	7,944	12,530	27,864	(10,156)	(9,299)	28,186	69,390
Transaction Costs	-	-	-	-	-	-	(1,223)	-	(1,223)	-
Non-Recurring Items	-	-	-	-	-	-	(14,319)	(5,656)	(14,319)	(5,656)
Segment EBIT	24,298	42,881	1,514	7,944	12,530	27,864	(25,698)	(14,955)	12,644	63,734
Interest Received	-	-	-	-	-	-	119	673	119	673
Finance Costs	-	-	-	-	-	-	(4,145)	(4,886)	(4,145)	(4,886)
Profit Before Income Tax	24,298	42,881	1,514	7,944	12,530	27,864	(29,724)	(19,168)	8,618	59,521
Income Tax Benefit/(Expense)	-	-	-	-	-	-	366	(12,133)	366	(12,133)
Profit for the Year from Continuing Operations	24,298	42,881	1,514	7,944	12,530	27,864	(29,358)	(31,301)	8,984	47,388
Assets										
Segment Assets	330,735	355,375	118,067	113,063	66,249	79,926	25,959	20,052	541,010	568,416
Assets Relating to Discontinued Operations	2,795	11,544	-	-	644	6,581	-	-	3,439	18,125
Allocated Assets	(3,365)	(21,376)	(8,552)	(9,933)	1,204	1,178	10,713	30,131	-	-
Total Assets	330,165	345,543	109,515	103,130	68,097	87,685	36,672	50,183	544,449	586,541
Liabilities										
Segment Liabilities	90,576	105,416	25,985	29,633	36,499	55,534	89,718	70,783	242,778	261,366
Liabilities Relating to Discontinued Operations	1,897	1,798	-	-	11,802	7,233	-	-	13,699	9,031
Total Liabilities	92,473	107,214	25,985	29,633	48,301	62,767	89,718	70,783	256,477	270,397

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 14% of external revenue. No other single customer contributed 10% or more to the Group's revenue for both 2016 and 2015.

Revenue by Geographical Region	2016 $'000	2015 $'000
Revenue attributable to external customers is disclosed below, based on the location of operations:		
Australia	808,572	941,761
Overseas	81,957	91,796
Total Revenue	890,529	1,033,557

Non-Current Assets by Geographical Region	2016 $'000	2015 $'000
The location of Non-Current Assets (excluding discontinued operations and deferred taxes) by geographical location is disclosed below:		
Australia	240,107	238,360
Overseas	7,081	6,105
Total Non-Current Assets	247,188	244,465

Section 3 Results For The Year (continued)

3.3 Operating Costs from Continuing Operations	Section	2016 $'000	2015 $'000
(a) Cost of Sales			
Employee Benefits Expense		550,197	552,441
Materials and Third Party Costs Charged to Projects		243,676	340,745
Depreciation of Property, Plant and Equipment	4.4	6,999	6,959
Operating Lease Payments		29,794	29,445
Other		14,326	6,380
Total Cost of Sales		844,992	935,970
(b) Administrative Expenses			
Employee Benefits Expense		13,708	17,597
Depreciation of Property, Plant and Equipment	4.4	5,984	5,566
Amortisation of Intangible Assets	4.5	8,121	7,139
Operating Lease Payments		2,469	3,450
Other		1,890	16,487
Total Administrative Expenses		32,172	50,239
(c) Finance Costs			
Interest on Bank Overdrafts and Loans		4,128	4,864
Interest on Obligations Under Finance Leases		17	22
Total Finance Costs		4,145	4,886

3.4 Capital and Leasing Commitments

Accounting Policies

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.

Sections to the Financial Statements

Section 3 Results For The Year (continued)

	2016 $'000	2015 $'000
(a) Non-cancellable Operating Leases Contracted for but not Capitalised in the Financial Statements		
Payable - Minimum Lease Payments not later than 12 months	29,787	28,958
Between 12 months and 5 years	58,435	50,121
Greater than 5 years	21,513	27,168
Total Operating Lease Commitments	109,735	106,247

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 p.a. 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.

(b) Capital Expenditure Commitments

$64,836 of commitments for property, plant and equipment expenditure exist at 30 June 2016 (30 June 2015: $166,168).

3.5 Discontinued Operations

On 4 April 2016, the Company announced that it had completed a review of its strategy, for current and future markets, in the Infrastructure, Energy and Resources sectors. As a result of the review, it was determined that the continued pressure on some commodity prices and the general slowness in capital spend, in both private and government projects, meant some operations were deemed not economically viable. The Company closed 14 local branches primarily associated with services to the coal sector and two international, unprofitable businesses.

(a) Analysis for Loss for the Year from Discontinued Operations

The combined results of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

Loss for the Year from Discontinued Operations		
Sales Revenue	38,400	96,022
Expenses	(74,363)	(107,891)
Loss Before Income Tax	(35,963)	(11,869)
Attributable Income Tax Benefit	10,789	3,561
Loss for the Year from Discontinued Operations	(25,174)	(8,308)
Cash Flows from Discontinued Operations		
Net Cash Outflows from Operating Activities	(21,842)	(9,389)
Net Cash Outflows from Investing Activities	(2)	(84)
Net Cash Outflows from Financing Activities	-	-
Net Cash Outflows	(21,844)	(9,473)

Sections to the Financial Statements

Section 3 Results For The Year (continued)

3.6 Auditor's Remuneration	2016 $	2015 $
Auditor of the Company – Deloitte Touche Tohmatsu		
Audit or Review of the Financial Report	603,574	590,000
Other Non-Audit Services	39,578	406,924
Taxation Services	82,568	346,815
Total Auditor's Remuneration	725,720	1,343,739

3.7 Taxation

Accounting Policies

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 Company 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.

Entities within the tax-consolidated group have entered into a tax sharing agreement with the head entity. Under the terms of the 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. In addition, 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.

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.

Goods and Services Tax

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 Consolidated Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Consolidated 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.

Sections to the Financial Statements

Section 3 Results For The Year (continued)

3.7.1 Income Taxes Relating To Continuing Operations	2016 $'000	2015 $'000
(a) The Components of Tax Comprise:		
Current Tax		
In Respect of the Current Year	703	881
In Respect of the Prior Years	(184)	101
Total Current Tax	519	982
Deferred Tax		
In Respect of the Current Year	2,286	11,195
In Respect of the Prior Years	(3,171)	(44)
Total Deferred Tax	(885)	11,151
Total Income Tax (Benefit)/Expense Recognised in the Current Year Relating to Continuing Operations	(366)	12,133
(b) Income Tax Expense for the Year can be Reconciled to the Accounting Profit as follows:		
Profit Before Tax From Continuing Operations	8,617	59,521
Income Tax Expense Calculated at 30% (FY15: 30%)	2,585	17,856
Effect of Non-Deductible Amortisation	785	705
Effect of Other Non-Allowable Items	499	117
Effect of Overseas Tax Differences	120	26
Effect of Adjustments Recognised in Respect of Prior Years	(712)	(46)
Effect of Research and Development Expenses	(3,643)	(6,525)
Income Tax (Benefit)/Expense Recognised for Continuing Operations	(366)	12,133
Applicable Effective Tax Rate	(4.2%)	20.4%

3.7.2 Current Tax Assets And Liabiltiies		
(a) Current Tax Assets		
Income Tax	243	-
Total Current Tax Assets	243	-
(b) Current Tax Liabilities		
Income Tax	-	203
Total Current Tax Liabilities	-	203

Sections to the Financial Statements

Section 3 Results For The Year (continued)

3.7.3 Deferred Tax Balances	Section	2016 $'000	2015 $'000
Deferred Tax Assets			
Tax Losses		47,119	38,327
Provisions		9,510	10,069
Onerous Leases		2,141	248
Franking Deficit Tax		4,290	4,290
Other		9,412	7,553
Total Deferred Tax Assets	3.7.3(ii)	72,472	60,487
Deferred Tax Liabilities			
Property, Plant and Equipment		61	22
Intangibles		5,485	6,807
Share-Based Payments		1,506	1,872
Other		-	186
Total Deferred Tax Liabilities	3.7.3(iii)	7,052	8,887
Net Deferred Tax Asset		65,420	51,600
(i) Gross Movement			
Opening Balance		51,600	58,696
Balances Acquired on Business Combination	6.1	858	-
Movement to Profit and Loss		11,673	(7,590)
Movement to Equity		1,289	494
Net Deferred Tax Asset		65,420	51,600

(ii) Deferred Tax Asset	Tax Losses $'000	Provisions $'000	Onerous Leases $'000	Franking Deficit Tax $'000	Other $'000	Total $'000
Balance at 1 July 2014	39,855	14,510	-	4,290	9,379	68,034
Movement to Profit or Loss	(1,528)	(4,441)	248	-	(1,822)	(7,543)
Movement to Equity	-	-	-	-	(4)	(4)
Balance at 30 June 2015	38,327	10,069	248	4,290	7,553	60,487
Balance at 1 July 2015	38,327	10,069	248	4,290	7,553	60,487
Acquired on Business Combination	-	1,119	-	-	210	1,329
Movement to Profit or Loss	8,792	(1,678)	1,893	-	1,653	10,660
Movement to Equity	-	-	-	-	(4)	(4)
Balance at 30 June 2016	47,119	9,510	2,141	4,290	9,412	72,472

(iii) Deferred Tax Liability	PPE $'000	Intangibles $'000	Share-Based Payments $'000	Other $'000	Total $'000
Balance at 1 July 2014	421	7,559	1,354	4	9,338
Movement to Profit or Loss	(399)	(752)	1,016	182	47
Movement to Equity	-	-	(498)	-	(498)
Balance at 30 June 2015	22	6,807	1,872	186	8,887
Balance at 1 July 2015	22	6,807	1,872	186	8,887
Acquired on Business Combination	-	471	-	-	471
Movement to Profit or Loss	39	(1,793)	927	(186)	(1,013)
Movement to Equity	-	-	(1,293)	-	(1,293)
Balance at 30 June 2016	61	5,485	1,506	-	7,052

Sections to the Financial Statements

Section 3 Results For The Year (continued)

3.8 Earnings Per Share

Accounting Policies

Basic EPS

Basic EPS 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 during the financial year.

Diluted EPS

Diluted EPS 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 performance rights for the effects of all dilutive potential ordinary shares.

	2016 Cents Per Share	2015 Cents Per Share
Basic Earnings per Share		
From Continuing Operations	6.43	34.24
Total Basic Earnings per Share	(11.59)	28.24
Diluted Earnings per Share		
From Continuing Operations	6.25	32.95
Total Diluted Earnings per Share	(11.27)	27.17

Calculation of Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2016 $'000	2015 $'000
Basic Earnings per Share		
Earnings Used to Calculate Basic Earnings per Share	(16,191)	39,080
Loss for the Year from Discontinued Operations Used in the Calculation of Basic Earnings per Share from Discontinued Operations	25,174	8,308
Earnings Used in the Calculation of Basic Earnings per Share from Continuing Operations	8,983	47,388
Diluted Earnings per Share		
Earnings Used to Calculate Diluted Earnings per Share	(16,191)	39,080
Loss for the Year from Discontinued Operations Used in the Calculation of Diluted Earnings per Share from Discontinued Operations	25,174	8,308
Earnings Used in the Calculation of Diluted Earnings per Share from Continuing Operations	8,983	47,388

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	No of Shares '000	No of Shares '000
Weighted Average Number of Ordinary Shares for the Purposes of Basic Earnings per Share	139,687	138,408
Shares Deemed to be Issued for No Considerations in Respect of Performance Rights	4,013	5,430
Weighted Average Number of Ordinary Shares Used to Calculate Diluted Earnings per Share	143,700	143,838

Section 4 Assets and Liabilities

This Section shows the assets used to generate the Company's trading performance and the liabilities incurred as a result. Liabilities relating to the Company's financing activities are addressed in Section 5. Current and deferred tax assets and liabilities are shown in Section 3.7.2.

4.1 Trade and Other Receivables

Accounting Policies

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 Company 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.

Trade and Other Receivables	Section	2016 $'000	2015 $'000
Current			
Trade Receivables		113,156	131,826
Provision for Impairment of Receivables		(1,232)	(2,974)
Net Trade Receivables		111,924	128,852
Amounts Due from Customers Under Construction Contracts	4.1.1	81,805	84,354
Total Trade and Other Receivables		193,729	213,206

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 Company does not hold any collateral as security.

(a) Trade Receivables that are Past Due but Not Impaired		
61-90 Days	3,246	4,068
91 Days Plus	9,100	2,161
Total	12,346	6,229

(b) Movement in the Provisions for Impairment of Receivables		
Opening Balance	2,974	3,628
Provision Recognised on Receivables During the Year	372	939
Receivables Written Off During the Year as Uncollectible	(1,483)	(1,593)
Amounts Recovered During the Year	(36)	-
Impairment Loss Reversed	(593)	-
Foreign Exchange Translation Gains and Losses	(2)	-
Closing Balance	1,232	2,974

The ageing analysis of impaired trade receivables is as follows:		
91 days plus	1,082	2,842

Section 4 Assets and Liabilities (continued)

4.1.1 Amounts Due From Customers Under Construction Contracts

Accounting Policies

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 and are included in the Consolidated Statement of Financial Position under deferred Revenues.

Amounts Due From Customers Under Construction Contracts	Section	2016 $'000	2015 $'000
Contract Costs Incurred and Profits Recognised		1,444,045	1,312,923
Progress Billings		(1,388,600)	(1,261,478)
Amounts Due From Customers Under Construction Contracts		55,445	51,445
Recognised and included in the consolidated Financial Statements as amount due:			
From Customers Under Construction Contracts			
Included in Trade and Other Receivables	4.1	81,805	84,354
To Customers Under Construction Contracts – Deferred Revenue	4.7	(26,360)	(32,909)
Amounts Due From Customers Under Construction Contracts		55,445	51,445

Included within Section 4.1 are project receivables associated with RCR delivering large scale construction projects. Project receivables are amounts due to RCR from customers that have not been invoiced. Some of these project receivables are made up of claims and variations, both approved and not approved by the customer. Estimates are made in relation to claim and variation positions and Management assesses the recovery prior to recognising the amount in the Financial Statements.

4.2 Inventories

Accounting Policies

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.

Inventories	2016	2015
Raw Materials	9,985	10,168
Finished Goods	4,425	7,388
Total Inventories	14,410	17,556

Section 4 Assets and Liabilities (continued)

4.3 Other Assets	2016 $'000	2015 $'000
Current		
Prepayments	2,514	2,975
Other	5,359	5,669
Total Other Current Assets	7,873	8,644

4.4 Property, Plant And Equipment

Accounting Policies

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 a 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 Company 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 Company 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.

Leasehold Improvements

Leasehold improvements are measured on a cost basis. Leasehold improvements are depreciated over the term of the applicable lease.

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 Company 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, or the estimated useful lives of the improvements.

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.

Section 4 Assets and Liabilities (continued)

Property, Plant and Equipment	2016 $'000	2015 $'000
Carrying Amounts of:		
Freehold Land	-	28
Buildings	-	824
Leasehold Improvements	2,865	3,824
Plant and Equipment	44,209	44,917
Total Property, Plant and Equipment	47,074	49,593

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:

	Section	Freehold Land $'000	Buildings $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Total $'000
Balance at 1 July 2014		7,683	15,039	3,157	48,942	74,821
Additions		-	848	1,335	8,591	10,774
Disposals		(7,655)	(13,766)	(299)	(838)	(22,558)
Depreciation Expense	3.3	-	(273)	(1,387)	(11,624)	(13,284)
Transfers		-	(1,024)	1,024	-	-
Foreign Currency Exchange		-	-	(6)	(154)	(160)
Balance at 30 June 2015		28	824	3,824	44,917	49,593
Balance at 1 July 2015		28	824	3,824	44,917	49,593
Assets Recognised on Business Combination	6.1(a)	-	-	-	1,904	1,904
Additions		-	-	669	12,486	13,155
Disposals		(28)	(800)	(203)	(1,628)	(2,659)
Depreciation Expense	3.3	-	(24)	(1,308)	(11,651)	(12,983)
Impairment Expense Associated with Discontinued Operations		-	-	(117)	(1,858)	(1,975)
Foreign Currency Exchange		-	-	-	39	39
Balance at 30 June 2016		-	-	2,865	44,209	47,074

4.5 Intangible Assets

Accounting Policies

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 Company'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.

Sections to the Financial Statements

Section 4 Assets and Liabilities (continued)

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 below under "Impairment of Assets".

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.

Impairment of Assets

At each reporting date, the Company 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 with 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill And Other Intangibles	2016 $'000	2015 $'000
Goodwill Carrying Amount	128,073	117,575
Carrying Amounts of:		
Brands Book Carrying Value	44,557	44,557
Customer Relationships and Order Book Carrying Value	16,004	18,907
Technology Carrying Value	8,019	10,605
Patents and Other Rights Carrying Value	3,475	5,128
Other Intangibles	72,055	79,197
Carrying Value of Goodwill and Intangibles	200,128	196,772

Sections to the Financial Statements

Section 4 Assets and Liabilities (continued)

Movements in Carrying Amounts

	Section	Goodwill $'000	Brands $'000	Customer Relationships & Order Book $'000	Technology $'000	Patents & Other Rights $'000	Total $'000
Balance at 1 July 2014		117,575	44,557	22,690	13,012	6,539	204,373
Amortisation Expense		-	-	(3,783)	(2,419)	(1,422)	(7,624)
Foreign Currency Exchange		-	-	-	12	11	23
Balance at 30 June 2015		117,575	44,557	18,907	10,605	5,128	196,772
Balance at 1 July 2015		117,575	44,557	18,907	10,605	5,128	196,772
Recognised From Business Combinations	6.1	10,498	-	1,570	-	-	12,068
Amortisation Expense		-	-	(4,473)	(2,333)	(1,315)	(8,121)
Impairment Expense related to Discontinued Operations		-	-	-	(254)	(345)	(599)
Foreign Currency Exchange		-	-	-	1	7	8
Balance at 30 June 2016		128,073	44,557	16,004	8,019	3,475	200,128

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:

	2016 $'000	2015 $'000
RCR Infrastructure	98,686	88,188
RCR Energy	18,693	18,693
RCR Resources	10,694	10,694
Goodwill Carrying Value	128,073	117,575

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.

The key assumptions used in the value in use calculations as at 30 June 2016 and 30 June 2015 were as follows:

- growth rate used to extrapolate cash flows beyond the forecast period: 2.5% (2015: 2.5%);
- pre-tax discount rate: 13.64% (2015: 13.64%); and
- divisional Revenue, EBIT, working capital adjustments and maintenance capital expenditure.

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 above. The impairment expense incurred during FY16 related to the discontinued operations.

Section 4 Assets and Liabilities (continued)

4.6 Trade And Other Payables

Accounting Policies

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which were unpaid at the end of the financial year. The amounts are unsecured and are usually paid within 30 days of recognition or to agreed terms.

Trade and Other Payables	Section	2016 $'000	2015 $'000
Trade Payables		59,785	87,783
Accrued Expenses		36,466	35,703
Sundry Payables		5,038	6,197
Total Trade and Other Payables		101,289	129,683

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

4.7 Deferred Revenue

Amounts Due to Customers Under Construction Contracts	4.1.1	26,360	32,909

4.8 Provisions

Accounting Policies

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.

Provisions

Provisions are recognised when the Company 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 Company'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 Company's history of warranty claims.

Provision for Claims

Where it is probable that a claim 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.

Onerous Leases

The provision for onerous lease contracts represents the present value of the future lease payments that the Group is presently obligated to make under non-cancellable onerous operating lease contracts, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired terms of the leases range from 2 to 5 years.

Sections to the Financial Statements

Section 4 Assets and Liabilities (continued)

Provisions	Section	2016 $'000	2015 $'000
Employee Benefits		39,227	35,921
Other Provisions	4.8(a)	18,477	10,351
Total Provisions		57,704	46,272
Current		49,325	43,202
Non-Current		8,379	3,070
Total Provisions		57,704	46,272

The provision for employee benefits represents annual leave, long service leave, and other site specific leave entitlements accrued by employees.

(a) Other Provisions	Warranties(i) $'000	Provision for Claims $'000	Onerous Leases(ii) $'000	Other(iii) $'000	Total $'000
Balance at 1 July 2014	6,749	18,446	-	6,568	31,763
Additional Provisions Recognised	1,983	-	-	3,656	5,639
Reductions from Payments	(1,708)	(14,146)	-	(307)	(16,161)
Reductions Arising from Re-Measurement	(5,152)	-	-	(5,738)	(10,890)
Balance at 30 June 2015	1,872	4,300	-	4,179	10,351
Balance at 1 July 2015	1,872	4,300	-	4,179	10,351
Provisions recognised on Business Combination	-	-	-	118	118
Additional Provisions Recognised	1,434	-	7,525	5,338	14,297
Transfers	-	-	198	(198)	-
Reductions from Payments	(1,048)	-	(615)	(1,945)	(3,608)
Reductions Arising from Re-Measurement	(1,116)	-	-	(1,565)	(2,681)
Balance at 30 June 2016	1,142	4,300	7,108	5,927	18,477

(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.
(ii) The provision for onerous leases relate to a number of properties associated with discontinued operations. The unexpired term of the leases range from two to five years.
(iii) The other provision balance comprises redundancy, property make good and other provisions.

Sections to the Financial Statements

Section 5 Capital Structure and Financing Costs

This Section outlines how the Company manages its capital structure related to financing costs, including its balance sheet liquidity and access to capital markets.

The Directors determine the appropriate capital structure of RCR Tomlinson, specifically, how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Company's activities both now and in the future. The Directors consider the Company's capital structure and dividend policy at least annually and do so in the context of its ability to continue as a going concern, to execute the strategy and to deliver its business plan.

During FY16 the Company complied with all the financial covenants of its borrowing facilities.

5.1 Cash and Cash Equivalents

Accounting Policies

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 in the Consolidated Statement of Financial Position.

5.1.1 Cash and Cash Equivalents	Section	2016 $'000	2015 $'000
Current			
Cash at Bank and In Hand		15,572	49,170
Total Cash and Cash Equivalents		15,572	49,170

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 Section 5.1.2.

5.1.2 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit after Tax	Section	2016 $'000	2015 $'000
(Loss)/Profit After Income Tax		(16,191)	39,080
Non Cash Flows in Profit			
Depreciation	4.4	12,983	13,284
Impairment of Property, Plant & Equipment	4.4	1,975	-
Amortisation	4.5	8,121	7,624
Impairment of Intangibles	4.5	599	-
Net Gain on Disposal of Property, Plant and Equipment		(521)	(16,357)
Net Foreign Exchange Gain		(179)	(1,046)
Share-Based Payment Expense	5.6(a)	1,202	3,432
Total Non-Cash Flows in Profit		24,180	6,937
Movements in Working Capital			
Decrease in Trade and Term Receivables		19,359	12,554
Decrease/(Increase) in Other Debtors		771	(224)
Decrease in Inventories		3,146	2,674
(Decrease) in Trade Payables and Accruals		(25,433)	(3,755)
(Decrease) in Deferred Revenue		(6,549)	(8,346)
(Decrease)/Increase in Income Taxes Payable		(446)	3,102
(Decrease)/Increase in Deferred Taxes Payable		(12,492)	7,096
Increase/(Decrease) in Provisions		4,998	(26,351)
Total Working Capital Movements		(16,646)	(13,250)
Net Cash (Decrease)/Increase from Operating Activities		(8,657)	32,767

Sections to the Financial Statements

Section 5 Capital Structure and Financing Costs (continued)

Non-Cash Financing And Investing Activities

Shares Issued

During FY16 2,242,414 performance rights vested to KMPs and other Executives for no consideration (FY15: 850,000 performance rights). On vesting, the performance rights converted into ordinary fully paid shares.

Banking Facility

The Company has financing arrangements in place with the Commonwealth Bank of Australia Limited. The Banking Facility expires at the end of November 2017.

The Banking Facility, together with Insurance Bonding Facilities, provides RCR with access to ongoing working capital for RCR's operations.

The current Banking Facility comprises:

- a senior debt facility of $41.3 million;
- a multicurrency contingent instrument facility of $95 million, which includes trade finance and bank guarantee facilities; and
- a multi option facility of $100 million, for working capital, which includes overdraft, cash advance and business card facilities.

The Company had borrowings totalling $71.3 million at the end of the financial year (30 June 2015: $61.3 million).

Insurance Bonding Facilities

The Company has insurance bonding facilities totalling $150 million.

5.2 Interest Bearing Loans And Borrowings

Accounting Polices

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 Company 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.

5.2.1 Borrowings	2016 $'000	2015 $'000
Bank Loans	41,250	61,250
Cash Advances	30,000	-
Facility Costs and Prepayments	(126)	(136)
Total Borrowings	71,124	61,114
Current	50,000	20,236
Non-Current	21,124	40,878
Total Borrowings	71,124	61,114

Section 5 Capital Structure and Financing Costs (continued)

5.2.2 Financing Arrangements	Section	2016 $'000	2015 $'000
Bank Overdraft, Bank Guarantees, Trade Finance Facility and Insurance Bonding		315,000	320,000
Cash Advances		30,000	-
Bank Loans		41,250	61,250
Total Bank Facilities		386,250	381,250
Used			
Bank Overdraft, Bank Guarantees, Trade Finance Facility and Insurance Bonding	6.5	114,328	81,037
Cash Advances		30,000	-
Bank Loans		41,250	61,250
Total Used		185,578	142,287
Unused			
Bank Overdraft, Bank Guarantees, Trade Finance Facility and Insurance Bonding		200,672	238,963
Bank Loans		-	-
Total Unused		200,672	238,963

The Australian and New Zealand entities within the Company 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 Company. The fair value of borrowings (current and non-current) approximates their book value.

Details of the Company's exposure to risk arising from current and non-current borrowings are set out in Section 5.3.

5.2.3 Lease Liabilities	2016	2015
Secured Lease Liabilities	-	216
Current	-	216
Non-Current	-	-
Total Lease Liabilities	-	216

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.

5.3 Financial Risk Management

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risks. The Company'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 Company uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. The Company 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.

Financial 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 Company'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.

Section 5 Capital Structure and Financing Costs (continued)

Market Risk

Foreign Exchange Risk

The Company 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 Company 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 Section 5.4.1 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 Company and business activities.

Management has instituted a policy requiring entities in the Company to manage their foreign exchange risk against their functional currency.

Had the AUD appreciated by 10%, Equity would have been $1.8 million lower (2015: $1.5 million lower). Had the AUD depreciated by 10%, the effect on Equity would be an increase of $2.2 million (2015: $1.9 million increase). Equity is impacted by the translation of financial assets and liabilities of entities in the Company where the NZD, THB and MYR are their functional currencies.

Cash Flow and Fair Value Interest Rate Risk

The Company's main interest rate risk arises from short and long-term borrowings and interest bearing assets. Borrowings at variable rates expose the Company to cash flow interest rate risk and borrowings at fixed interest rates expose the Company to fair value interest rate risk. A portion of the Company's debt in 2015 was at a fixed interest rate; refer to Section 5.4.1 for further information. The Company's bank borrowings are in AUD at variable interest rates primarily tied to the bank bill swap bid rate.

The Company 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 Company 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 2016, 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 $0.4 million higher/lower (2015: $0.4 million higher/lower).

Summarised Sensitivity Analysis

The following table summarises the sensitivity of the Company'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 by 10%		AUD appreciates by 10%	
30 June 2016	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	15,572	(156)	-	156	-	-	666	-	(545)
Trade and Other Receivables	193,729	-	-	-	-	-	2,410	-	(1,972)
Financial Liabilities									
Trade and Other Payables	101,289	-	-	-	-	-	(863)	-	706
Short-Term Borrowings	50,000	-	-	-	-	-	-	-	-
Long-Term Borrowings	21,124	528	-	(528)	-	-	-	-	-
Total Increase/(Decrease)		372	-	(372)	-	-	2,213	-	(1,811)
30 June 2015									
Financial Assets									
Cash and Cash Equivalents	49,170	(492)	-	492	-	-	813	-	(665)
Trade and Other Receivables	213,206	-	-	-	-	-	2,433	-	(1,991)
Financial Liabilities									
Trade and Other Payables	129,683	-	-	-	-	-	(1,356)	-	1,110
Short-Term Borrowings	20,236	-	-	-	-	-	-	-	-
Long-Term Borrowings	40,878	132	-	(132)	-	-	-	-	-
Total Increase/(Decrease)		(360)	-	360	-	-	1,890	-	(1,546)

Section 5 Capital Structure and Financing Costs (continued)

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 Company'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.

Liquidity and Capital Risk

Management controls the capital of the Company in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern. The Company's debt and capital includes ordinary share capital and financial liabilities and is supported by financial assets.

The Company's Net Cash/Debt position is defined as total borrowings less cash and cash equivalents. The Company was in a $55.6 million Net Debt position as at 30 June 2016 (June 2015: $12.2 million Net Debt).

The Company 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 2016, the Company 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 Section 5.1.2 for details on the facilities.

The Company 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 Company's policy is to centralise debt and surplus cash balances whenever possible.

The table below analyses the Company's financial instruments 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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial Assets						
Cash and Cash Equivalents	15,572	49,170	-	-	-	-
Trade and Other Receivables	193,729	213,206	-	-	-	-
Financial Liabilities						
Trade and Other Payables	127,649	162,592	-	-	-	-
Lease Liabilities	-	216	-	-	-	-
Borrowings	50,000	20,236	21,124	40,878	-	-
Total	31,652	79,332	21,124	40,878	-	-

The financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, bank loans and leases.

Section 5 Capital Structure and Financing Costs (continued)

5.4 Financial Instruments

Accounting Polices

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 Company 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.

Derivative Financial Instruments

The Company 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.

Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the entities in the Company is measured using the currency of the primary economic environment in which that entity operates. The Consolidated Financial Statements are presented in AUD which is the parent entity's functional and presentation currency.

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Sections to the Financial Statements

Section 5 Capital Structure and Financing Costs (continued)

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 re-translated at the rates prevailing at that date. Income and expenses are re-translated 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 Consolidated Statement of Financial Position. These differences are recognised in profit and loss in the period in which the operation is disposed.

5.4.1 Derivative Financial Instruments

Forward Foreign Exchange Contracts

The Company has a number of outstanding contracts with supplier's that trade in various foreign currencies. The Company 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 2016 and 2015:

Outstanding Cash Flow Hedging Instruments	Months	Average Exchange Rate 2016	Average Exchange Rate 2015	Foreign Currency 2016 $'000	Foreign Currency 2015 $'000	Notional Value 2016 $'000	Notional Value 2015 $'000	Fair Value 2016 $'000	Fair Value 2015 $'000
EUR Buy/AUD Sell	More than 6	-	0.6447	-	316	-	490	-	30
EUR Buy/NZD Sell	More than 6	-	0.6332	-	104	-	164	-	(9)
USD Buy/AUD Sell	More than 6	0.7073	0.8857	130	400	184	452	5	(68)
USD Buy/NZD Sell	More than 6	-	0.7302	-	406	-	556	-	(45)
AUD Buy/THB Sell	More than 6	0.0367	0.0367	597	597	16,289	16,289	32	25
GBP Buy/AUD Sell	Less than 6	-	0.5033	-	153	-	303	-	(49)
THB Buy/NZD Sell	Less than 6	-	24.8476	-	8,199	-	330	-	(27)
Total		-	-	727	10,175	16,473	18,584	37	(143)

Section 5 Capital Structure and Financing Costs (continued)

Interest Rate Swap Contracts

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company 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.

	Average Contracted Fixed Interest Rate		Notional Principal Value		Fair Value	
Outstanding Floating Pay Fixed Contracts	2016 %	2015 %	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Less than 1 Year	-	3.08	-	60,000	-	172
1 to 2 Years	-	-	-	-	-	-
2 to 5 Years	-	-	-	-	-	-
5 Years +	-	-	-	-	-	-
Total	-	-	-	60,000	-	172

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 Company 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 Company's cash flow exposure resulting from variable interest rates on borrowings.

5.4.2 Fair Values

Aggregate fair values and carrying amounts of financial assets and financial liabilities carried at amortised cost at balance date.

	2016		2015	
	Carrying Amount $'000	Fair Value $'000	Carrying Amount $'000	Fair Value $'000
Financial Assets				
Cash and Cash Equivalents	15,572	15,572	49,170	49,170
Loans and Receivables	193,729	193,729	213,206	213,206
Total Financial Assets	209,301	209,301	262,376	262,376
Financial Liabilities				
Trade and Other Payables	101,289	101,289	129,683	129,683
Lease Liabilities	-	-	216	216
Borrowings	71,124	71,124	61,114	61,114
Deferred Revenue	26,360	26,360	32,909	32,909
Total Financial Liabilities	198,773	198,733	223,922	223,922

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.

Sections to the Financial Statements

Section 5 Capital Structure and Financing Costs (continued)

5.5 Equity

Accounting Policies

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.

Employee Share Trust

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

Issued Capital	Section	No of Shares '000	Shares $'000
(a) Fully Paid Ordinary Shares			
Balance as at 1 July 2014		136,989	128,776
Issue of Treasury Shares	5.5(b)	2,012	6,029
Tax Effect Relating to Share Costs		-	(5)
Share Buy-Back		(255)	(573)
Balance as at 30 June 2015		138,745	134,227
Issue of Treasury Shares	5.5(b)	1,992	3,706
Tax Effect Relating to Share Costs		-	(4)
Share Buy-Back		(774)	(1,257)
Share Buy-Back Costs		-	(3)
Balance as at 30 June 2016		139,963	136,669
(b) Treasury Shares			
Balance as at 1 July 2014		(121)	(347)
Acquisition of New Shares by the Trust	5.5(a)	(2,012)	(6,029)
Acquisition of On Market Shares by the Trust		(105)	(215)
Issue of Shares Under the Employee Share Option Plan		1,222	3,738
Issue of Shares Under the Long-Term Incentive Plan	5.8	850	2,401
Issue of Deferred Shares under the STI Plan		122	351
Balance as at 30 June 2015		(44)	(100)
Acquisition of New Shares by the Trust	5.5(a)	(1,992)	(3,706)
Acquisition of On Market Shares by the Trust		(417)	(668)
Issue of Shares Under the Long-Term Incentive Plan	5.8	2,242	4,093
Issue of Deferred Shares under the STI Plan		111	200
Balance as at 30 June 2016		(100)	(181)
Balance of Issued Capital as at 30 June 2015		138,701	134,127
Balance of Issued Capital as at 30 June 2016		139,863	136,488

Section 5 Capital Structure and Financing Costs (continued)

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 Long-Term Inventive Plan and the Performance Incentive Plan.

Performance Rights

For information relating to performance rights, including details of performance rights issued, exercised and lapsed during the financial year, refer to Section 5.8.

Capital Management

Management controls the capital of the Company in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern. The Company'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 Company'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.

5.6 Reserves

Accounting Policies

Equity-Settled Employee Benefits Reserve

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

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).

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 Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company 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.

The Short-Term Incentive Plan, Long-Term Incentive Plan and Performance Incentive Plan is administered by the RCR Employee Share Trust. When the performance rights vest, the trust transfers the appropriate amount of shares to the employee, unless the obligation is settled in cash. 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.

Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign controlled operations are taken to the exchange fluctuation reserve. Gains or losses accumulated in equity are recognised in the income statement when a foreign operation is disposed.

Reserves	Section	2016 $'000	2015 $'000
Equity-Settled Employee Benefits Reserve	5.6(a)	(12,688)	(9,329)
Foreign Currency Translation Reserve	5.6(b)	2,446	444
Other Reserves	5.6(c)	(46)	(27)
Total Reserves		(10,288)	(8,912)

Section 5 Capital Structure and Financing Costs (continued)

Reserves	Section	2016 $'000	2015 $'000
(a) Equity-Settled Employee Benefits Reserve			
Balance at the Beginning of the Year		(9,329)	(6,770)
Issue of Treasury Shares to Employees	5.5(b)	(4,293)	(6,490)
Recognition of Share-Based Payments	5.1.2	1,202	3,432
Tax Effect Relating to Share-Based Payments		1,293	499
Transfer Cash-Settled Rights to Liabilities		(1,561)	-
Balance at the End of the Year		(12,688)	(9,329)

The equity-settled employee benefits reserve relates to performance rights granted by the Company to its Executives and employees under its employee Long-Term Incentive Plan or Performance Incentive Plan.

(b) Foreign Currency Translation Reserve	2016 $'000	2015 $'000
Balance at the Beginning of the Year	444	1,595
Exchange Differences Arising on Translating the Foreign Operations	2,002	(1,151)
Balance at the End of the Year	2,446	444

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (i.e. AUD) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

(c) Other Reserves	2016 $'000	2015 $'000
Balance at the Beginning of the Year	(27)	(555)
(Loss)/Gain on Foreign Exchange Contracts Entered into for FX Hedges	(191)	372
Gain Arising on Interest Rate Swap Contracts Entered into for Borrowing Hedges	172	156
Balance at the End of the Year	(46)	(27)

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.

5.7 Dividends

Accounting Policies

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.

	2016		2015	
Fully Paid Ordinary Shares	Cents Per Share	$'000	Cents Per Share	$'000
Interim Dividend in respect of FY16/FY15	1.75	2,453	3.50	4,856
Final Dividend in respect of FY15/FY14	7.50	10,513	7.00	9,730
Total	9.25	12,966	10.50	14,586

In respect of the financial year ended 30 June 2016, an unfranked interim dividend of 1.75 cents per share (2015: 3.50 cents, fully franked) was paid on 6 April 2016.

No final dividend will be paid in respect of FY16 (FY15: 7.50 cents per share).

	2016 $'000	2015 $'000
Franking Account Balance	97	998

Section 5 Capital Structure and Financing Costs (continued)

5.8 Share-Based Compensation

Performance Rights

The Company issues performance rights to Senior Executives in accordance with the terms of the Long-Term Incentive Plan and Performance Incentive 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 at 30 June 2016:

	Number	Expiry Date
Unlisted Performance Rights	1,242,500	31 Aug 2016
Unlisted Performance Rights	1,315,220	31 Aug 2017
Unlisted Performance Rights	25,000	28 Feb 2017
Unlisted Performance Rights	25,000	28 Feb 2018
Unlisted Performance Rights	50,000	6 Jan 2017
Unlisted Performance Rights	50,000	6 Jan 2018
Unlisted Performance Rights	1,217,200	31 Aug 2018
Unlisted Performance Rights	66,666	4 Jan 2018
Unlisted Performance Rights	66,666	4 Jan 2019
Unlisted Performance Rights	66,668	4 Jan 2020
Total	4,124,920	

The following performance rights were granted, vested or expired during the year:

	2016 Number	2015 Number
Outstanding at the Beginning of the Year	5,429,720	6,163,018
Granted	1,417,200	1,277,220
Vested through the Trust	(2,242,414)	(850,000)
Cancelled or Expired	(479,586)	(1,160,518)
Outstanding at Year End	4,124,920	5,429,720
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 2016 are as follows:

Grant Date	Expiry date	Number	Grant Date Share Price	Expected Volatility	Risk Free Interest Rate	Fair Value
31 Aug 2013	31 Aug 2016	50,000	$3.30	30%	2.55%	$3.01
31 Aug 2013	31 Aug 2017	50,000	$3.30	39%	2.55%	$2.92
25 Feb 2014	31 Aug 2016	1,142,500	$3.38	40%	2.86%	$2.34 - $3.38
25 Feb 2014	31 Aug 2016	50,000	$3.38	-	-	$3.13
25 Feb 2014	31 Aug 2017	50,000	$3.38	-	-	$3.04
25 Feb 2014	28 Feb 2017	25,000	$3.38	-	-	$3.08
25 Feb 2014	28 Feb 2018	25,000	$3.38	40%	2.86%	$2.99
25 Feb 2014	06 Jan 2017	50,000	$3.38	-	-	$3.10
25 Feb 2014	06 Jan 2018	50,000	$3.38	-	-	$3.00
23 Feb 2015	31 Aug 2017	470,220	$2.46	42%	1.88%	$1.97 - $2.46
12 May 2015	31 Aug 2017	745,000	$2.01	42%	2.12%	$1.40 - $2.10
01 Mar 2016	04 Jan 2018	66,666	$1.27	-	-	$1.08
01 Mar 2016	04 Jan 2019	66,666	$1.27	-	-	$1.00
01 Mar 2016	04 Jan 2020	66,668	$1.27	-	-	$0.92
29 Jun 2016	31 Aug 2018	1,217,200	$1.59	48%	1.59%	$1.05 - $1.59
Total		4,124,920				

On 12th July 2016, 1,031,000 performance rights were issued to executive management.

Section 6 Other

6.1 Business Combinations

Accounting Policies

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-Based Payment' at the acquisition date; and
- assets (or disposals Company's) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business Combination – Water Corporation ECS Business

On 14 August 2015, RCR announced that it acquired the ECS business from Water Corporation of WA for a purchase price of $10.4 million. The acquisition was completed on 31 August 2015. The acquisition of ECS further expanded RCR's Infrastructure business in WA and its capability to deliver national and international turnkey water and waste water projects. As part of the acquisition, RCR will be awarded a minimum of $130 million in new capital works over a three year period, with the prospect for this term to be extended.

Acquisition related costs amounting to $1.2 million have been excluded from the consideration transferred and have been recognised as an expense in the profit or loss in FY16.

Sections to the Financial Statements

Section 6 Other (continued)

	$'000
(a) Fair Value of Assets Acquired and Liabilities Assumed at the Date of Acquisition	
Non-Current Assets	
Property, Plant and Equipment	1,904
Deferred Tax Assets	1,329
Intangibles	1,570
Total Non-Current Assets	4,803
Total Assets	4,803
Current Liabilities	
Provisions	4,312
Total Current Liabilities	4,312
Non-Current Liabilities	
Deferred Tax Liabilities	471
Provisions	118
Total Non-Current Liabilities	589
Total Liabilities	4,901
Net Liabilities Acquired	98

The information required to determine the fair values at acquisition date has been received and the accounting for the ECS business acquisition was finalised in the 31 December 2015 Interim Financial Statements.

(b) Goodwill Arising on Acquisition

Consideration Transferred	10,400
Add Fair Value of Net Liabilities Acquired	98
Goodwill Arising on Acquisition	10,498

Goodwill arose in the acquisition of the ECS business 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 the ECS business. These benefits are not recognised separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

(c) Net Cash Outflow on Acquisition

Consideration Paid in Cash	10,400
Less Cash and Cash Equivalents Acquired	-
Net Cash Outflow on Acquisition	10,400

6.2 Key Management Personnel

The totals of remuneration paid to KMPs of the Company during the year are as follows:

	2016 $	2015 $
Short-Term Employee Benefits	3,250,733	4,620,219
Post-Employment Benefits	124,224	126,854
Other Long-Term Benefits	34,340	23,322
Share-Based Payments	667,428	2,093,775
Total Remuneration	4,076,725	6,864,170

Sections to the Financial Statements

Section 6 Other (continued)

6.3 Controlled Entities

Details of the Company's subsidiaries at the end of the reporting period are as follows:

Controlled Entities:	Section	Country of Incorporation	% Owned 2016	% Owned 2015
Parent Entity:				
RCR Tomlinson Ltd	6.3(a)	Australia	100	100
Subsidiaries of the Closed Group who are Parties to the Deed of Cross Guarantee:				
RCR Tomlinson (Custodian) Pty Ltd (Trustee of the Company)	6.3(a)	Australia	100	100
RCR Corporate Pty Ltd	6.3(a)	Australia	100	100
RCR Resources Pty Ltd	6.3(a)	Australia	100	100
RCR Energy (Gladstone) Pty Ltd	6.3(a)	Australia	100	100
RCR Resources (Tripower) Pty Ltd	6.3(a)	Australia	100	100
RCR Mining Pty Ltd	6.3(a)	Australia	100	100
RCR Energy Pty Ltd	6.3(a)	Australia	100	100
RCR Energy Service Pty Ltd	6.3(a)	Australia	100	100
Positron Group Pty Ltd	6.3(a)	Australia	100	100
RCR Power Pty Ltd	6.3(a)	Australia	100	100
RCR Laser Pty Ltd	6.3(a)	Australia	100	100
RCR Oil & Gas Pty Ltd	6.3(a)	Australia	100	100
RCR Infrastructure Pty Ltd	6.3(a)	Australia	100	100
RCR Infrastructure Group (XNFK) Pty Ltd	6.3(a)	Australia	100	100
RCR O'Donnell Griffin Pty Ltd	6.3(a)	Australia	100	100
RCR Haden Pty Ltd	6.3(a)	Australia	100	100
RCR Haden (Telco) Pty Ltd	6.3(a)	Australia	100	100
RCR Haden (Holdings) Pty Ltd	6.3(a)	Australia	100	100
RCR Resolve FM Pty Ltd	6.3(a)	Australia	100	100
RCR Resolve FM (Holdings) Pty Ltd	6.3(a)	Australia	100	100
RCR Infrastructure (Corporate) Pty Ltd	6.3(a)	Australia	100	100
RCR Water Pty Ltd	6.3(a)	Australia	100	100
RCR Water (WA) Pty Ltd	6.3(a)	Australia	100	100
RCR O'Donnell Griffin (Holdings) Pty Ltd	6.3(a)	Australia	100	100
RCR O'Donnell Griffin (Projects) Pty Ltd	6.3(a)	Australia	100	100
RCR Infrastructure (New Zealand) Limited	6.3(a)	New Zealand	100	100
RCR Energy Limited	6.3(a)	New Zealand	100	100
Other Subsidiaries of RCR Tomlinson Ltd				
Applied Laser Pty Ltd		Australia	100	100
Moray Power Pty Ltd		Australia	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 Asset Maintenance Pty Ltd		Australia	100	100
RCR Building Products (Holdings) Pty Ltd		Australia	100	100
ACN 076 421 755 Pty Ltd		Australia	100	100
RCR Trafalgar Building Products Pty Ltd		Australia	100	100
RCR Building Services (Egan Bros) Pty Ltd		Australia	100	100

Sections to the Financial Statements

Section 6 Other (continued)

Controlled Entities:	Country of Incorporation	% Owned 2016	% Owned 2015
RCR Resolve FM (Engineering) Pty Ltd	Australia	100	100
RCR Rel Corp Management Services Pty Ltd	Australia	100	100
RCR Building Products (New Zealand) Limited	New Zealand	100	100
RCR Asia Sdn Bhd	Malaysia	100	100
RCR (Hong Kong) Limited	Hong Kong	100	100
RCR Infrastructure (Hong Kong) Limited	Hong Kong	100	100
RCR O'Donnell Griffin (Hong Kong) Limited	Hong Kong	100	100
RCR International (Holdings) Limited	Hong Kong	100	100
Norfolk Mechanical (India) Private Ltd	India	100	100
RCR Technical Infrastructure (Vietnam) Co Ltd	Vietnam	100	100
PT RCR Energy Indonesia	Indonesia	100	100
Controlled Trusts			
RCR Employee Share Trust	Australia	100	100

(a) 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, certain RCR entities joined or exited the existing 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 Consolidated Statement of Financial Position of the Company and controlled entities party to the Deed of Cross Guarantee are:

Statement of Profit or Loss and Comprehensive Income	2016 $'000	2015 $'000
Sales Revenue	853,200	995,581
Cost of Sales	(811,476)	(903,278)
Gross Profit	41,724	92,303
Other Income	2,308	20,276
Administrative Expenses	(32,172)	(50,239)
Finance Costs	(3,870)	(3,962)
Other Expenses	(1,737)	(3,362)
Profit Before Income Tax	6,253	55,016
Income Tax Benefit/(Expense)	1,436	(11,549)
Profit for the Year from Continuing Operations	7,689	43,467
Loss for the Year from Discontinued Operations	(25,174)	(8,308)
(Loss)/Profit for the Year	(17,485)	35,159
Other Comprehensive Income/(Loss) for the Year	787	(1,437)
Total Comprehensive (Loss)/Income for the Year	(16,698)	33,722

Sections to the Financial Statements

Section 6 Other (continued)

Statement of Financial Position	2016 $'000	2015 $'000
Current Assets		
Cash and Cash Equivalents	10,995	56,239
Trade and Other Receivables	213,195	213,557
Inventories	12,621	15,480
Other Current Assets	7,323	15,813
Total Current Assets	244,134	301,089
Non-Current Assets		
Property, Plant and Equipment	46,141	48,064
Deferred Tax Assets	64,681	50,879
Goodwill	127,363	116,895
Other Intangible Assets	71,242	78,333
Total Non-Current Assets	309,427	294,171
Total Assets	553,561	595,260
Current Liabilities		
Trade and Other Payables	98,181	126,389
Lease Liabilities	-	216
Borrowings	50,000	20,236
Current Tax Liabilities	1,186	1,929
Provisions	48,087	41,787
Deferred Revenue	24,254	28,672
Total Current Liabilities	221,708	219,229
Non-Current Liabilities		
Borrowings	21,124	40,878
Provisions	4,075	13,355
Other	8,298	4,217
Total Non-Current Liabilities	33,497	58,450
Total Liabilities	255,205	277,679
Net Assets	298,356	317,581
Equity		
Issued Capital	131,669	129,910
Reserves	(12,035)	(9,462)
Retained Earnings	178,722	197,133
Total Equity	298,356	317,581

Sections to the Financial Statements

Section 6 Other (continued)

6.4 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 Section 6.3.

During the year, funds have been advanced between entities within the Company for the purposes of working capital requirements.

(c) Transactions with Director Related Parties

In the normal course of business, the Company occasionally enters into transactions with various entities that have Directors in common with RCR. Transactions with these entities are made on commercial arms-length terms and conditions. The relevant Directors do not participate in any decisions regarding these transactions.

During the year, the Company traded with Metalform (Dannevirke) Ltd, which is 33% owned by the Dippie Family Trust. The settlor and beneficiary of the trust is Non-Executive Director Paul Dippie.

The Company entered into the following trading transactions with Metalform (Dannevirke) Ltd:

	Sales		Purchases	
	2016 $	2015 $	2016 $	2015 $
Metalform (Dannevirke) Ltd	3,219	7,153	42,124	28,572

The following balances were outstanding at 30 June 2016:

	Amounts Owed by Related Parties		Amounts Owed to Related Parties	
Metalform (Dannevirke) Ltd	-	1,699	4,756	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

(d) Key Management Personnel Shareholdings

The compensation of each member of the KMPs of the Company is set out in the Remuneration Report.

Shares

Shareholdings include shares held in their own name and shareholdings in which the KMPs hold a relevant interest.

Performance Rights

The Company issues performance rights to KMPs in accordance with the terms of the Long-Term Incentive Plan or Performance Incentive Plan. 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, plus, in some circumstances, additional shares calculated on the basis of the dividends that would have been paid in respect of the shares being reinvested over the performance period, unless entitlements are settled in cash.

6.5 Contingent Liabilities

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:

30 June 2016: $114,327,552
30 June 2015: $81,037,468

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 Company.

Sections to the Financial Statements

Section 6 Other (continued)

6.6 Events After Balance Sheet Date

Subsequent to 30 June 2016, the Company issued 1,031,000 performance rights to executive management.

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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

6.7 Parent Entity Disclosures

Parent Entity Disclosures	2016 $'000	2015 $'000
(a) Financial Information		
Income/(Loss) for the Year	272	(32,939)
Other Comprehensive Income	172	202
Total Comprehensive Income/(Loss)	444	(32,737)
Assets		
Current Assets	480	1,152
Non-Current Assets	297,305	285,868
Total Assets	297,785	287,020
Liabilities		
Current Liabilities	53,876	22,541
Non-Current Liabilities	20,918	42,396
Total Liabilities	74,794	64,937
Net Assets	222,991	222,083
Equity		
Issued Capital	134,355	132,558
Reserves	(10,997)	(8,396)
Retained Earnings	99,633	97,921
Total Equity	222,991	222,083
(b) Guarantees Entered Into by the Parent Entity in Relation to the Debts of its Subsidiaries		
Guarantees Provided	181,683	205,459

RCR Tomlinson Ltd has entered into a deed of cross guarantee with a number of its subsidiaries listed in Section 6.3.

6.8 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 Company 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 has joint arrangements with Coleman Rail Pty Ltd and Abergeldie Pty Ltd.

Directors' Declaration

The Directors declare that:

a) In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

b) In the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in the financial statements;

c) In the Directors' opinion, the attached financial statements and sections thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001.*

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee. In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Section 6.3 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject 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,

Roderick J M Brown
Director
24 August 2016

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060

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225 George Street
Sydney NSW 2000
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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 2016, 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, sections to the financial statements 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 76 to 120.

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 Section 1, 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

Deloitte.

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.

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 2016 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 Section 1 General Information.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 40 to 59 of the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants
Perth, 24 August 2016

Shareholding Information

The following shareholder information is provided as at 11 August 2016.

RCR's Top Twenty Shareholders

Registered Shareholder	Fully Paid Ordinary Shares	% of Total Shares
JP Morgan Nominees Australia Limited	36,326,378	25.95
HSBC Custody Nominees (Australia) Limited	17,403,383	12.43
Citicorp Nominees Pty Ltd	10,125,747	7.23
Dr Paul Joseph Dalgleish*	8,318,767	5.94
National Nominees Pty Limited	7,100,293	5.07
RBC Investor Services Australia Nominees Pty Limited <PI Pooled A/C>	5,388,602	3.85
Masfen Securities Limited	4,337,642	3.10
BNP Paribas Noms Pty Ltd <DRP>	3,071,134	2.19
HSBC Custody Nominees (Australia) Limited <NT - Comwlth Super Corp A/C>	2,964,332	2.12
Citicorp Nominees Pty Ltd <Colonial First State Inv A/C>	2,697,096	1.93
Mr Joshua Kane Hogan	1,357,224	0.97
CPU Share Plans Pty Limited <RCR Employee Share Trust>	942,210	0.67
Jaylin Pty Ltd <Linden Super Fund A/C>	741,158	0.53
Brispot Nominees Pty Ltd <House Head Nominee No1 A/C>	668,604	0.48
Mr David Paul Dippie + Ms Joanne Elizabeth Dippie + Bramwell Grossman Trustees Ltd	600,000	0.43
Mr Andrew John Walsh	541,089	0.39
RBC Investor Services Australia Nominees Pty Ltd <VFA A/C>	527,262	0.38
V M Nominees Pty Ltd	500,000	0.36
Akir Pty Ltd	481,074	0.34
RBC Investor Services Australia Nominees Pty Ltd <Bk Cust A/C>	474,354	0.34
Total Held by Top 20	104,566,349	74.71
Total Ordinary Fully Paid Shares on Issue	139,963,412	100.00

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	% of Total shares
Dr Paul Joseph Dalgleish*	8,318,767	5.94
Celeste Funds Management Limited	8,108,350	5.79
Australian Superannuation Fund	7,189,337	5.14
Perpetual Limited	7,021,410	5.02
Commonwealth Bank of Australia	7,138,483	5.10
Eley Griffiths Group Pty Limited	6,996,459	5.00

* includes shares held indirectly in which the holder has a beneficial interest

Distribution Of Shareholdings

There were 208 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	% of Issued Capital
1 - 1,000 shares	737	366,159	0.26
1,001 - 5,000 shares	1,295	3,693,413	2.64
5,001 - 10,000 shares	554	4,253,701	3.04
10,001 - 100,000 shares	651	17,408,517	12.44
100,001 and over shares	71	114,241,622	81.62
Total	3,308	139,963,412	100.00

Unquoted Performance Rights

5,155,920 Performance Rights are currently on issue to RCR employees under the terms of the RCR Long-Term Incentive Plan (as approved by Shareholders on 20 November 2013) and the Performance Incentive Plan (as approved by Shareholders on 6 November 2015).

There are no voting rights attached to performance rights.

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.

On-Market Buy-Back Program

On 4 December 2015, the Company announced it had extended its on-market share buy-back program to acquire up to 2.0 million RCR shares. The buy-back is part of the Company's capital management strategy. The prices paid for shares purchased under the buy-back were no more than 5% above the volume weighted average price of RCR shares over the 5 trading days prior to purchase. At the date of this report the Company had purchased 1,029,810 RCR shares.

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 (RCR) 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'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 11, 172 St Georges Terrace
Perth, WA, 6000

Ph from within Australia:	1300 557 010
Ph 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
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Ph: +61 8 9355 8100
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Email: enquiries@rcrtom.com.au
Website: www.rcrtom.com.au

Auditor

Deloitte Touche Tohmatsu
Tower 2, Brookfield Place
123 St Georges Terrace
Perth, WA, 6000

Five Year Summary

30 June Year End	Measure	2016	2015	2014	2013	2012
Revenue[1]	$M	890.5	1,033.6	1,300.5	875.2	808.7
EBITDA[1]	$M	49.2	89.1	79.6	58.6	50.5
EBIT[1]	$M	28.1	69.4	57.8	43.8	35.3
NPBT[1]	$M	24.1	65.2	51.1	46.2	34.3
NPAT[1]	$M	20.1	51.4	43.3	37.3	27.3
Basic EPS from Continuing Operations	Cents	6.4	34.2	31.9	28.3	20.5
Dividends	Cents per share	1.75	11.0	10.0	8.25	6.25
Net Assets	$M	288.0	316.1	289.1	252.7	223.5
Safety	LTIFR	1.77	1.10	1.31	0.36	0.65
Market Capitalisation	$M	237.9	238.6	383.6	305.9	235.3
Closing Share Price	$	1.70	1.72	2.80	2.31	1.79
Total Shareholder Returns – 1 Year	%	4.2	(36.3)	26.1	32.8	13.3
Total Shareholder Returns – 3 Year Rolling	%	(11.3)	6.1	84.3	197.0	217.0
Total Shareholder Returns – 5 Year Rolling	%	21.5	143.1	413.2	232.0	(5.7)

[1] FY16 and FY15 performance excludes non-recurring costs and discontinued operations.

Our History

RCR Tomlinson's origins date back to 1898 - 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 WA 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 WA.

RCR Tomlinson Ltd (RCR) 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 has undergone substantial and sustained growth to emerge as one of Australia's leading multi-disciplinary engineering and infrastructure companies. Today, RCR provides integrated solutions to a diverse client base throughout Australia and overseas, across the infrastructure, energy and resources 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
Tower 2, Brookfield Place
123 St Georges Terrence
Perth, WA, 6000

Bankers

Commonwealth Bank of Australia
150 St Georges Terrace
Perth, WA, 6000

Share Registrar

Computershare Investor Services
Level 11, 172 St Georges Terrace
Perth, WA, 6000
Ph: +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

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

8 Westfield Place
Mt Wellington, Auckland NZ 1060
Ph: +64 9 694 9625

Malaysia

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