



Thomas & Coffey Limited

ABN 60 000 263 678

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Homebush Bay NSW 2127
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To: Company Announcement Office
Australian Stock Exchange

From: David Irvine

Date: 25 August 2011

Subject: Lodgement of Appendix 4E

Dear Sirs,

Please find attached the Preliminary Final Report and Financial Report for Thomas & Coffey Limited for the year ended 30 June 2011 together with the associated media release.

A handwritten signature in black ink, appearing to read 'D. Irvine', written in a cursive style.

David Irvine
Company Secretary

APPENDIX 4E

PRELIMINARY FINAL REPORT

1. Company details

Name of entity:	Thomas & Coffey Limited
ABN:	60 000 263 678
Reporting period:	Year ended 30 June 2011
Previous corresponding period:	Year ended 30 June 2010

2. Results for announcement to the market

Revenues from ordinary activities	down	3.7%	to	\$ 320,875,000
Profit from ordinary activities after tax attributable to the owners of Thomas & Coffey Limited	up	101.1%	to	\$ 112,000
Profit for the period attributable to the owners of Thomas & Coffey Limited	up	101.1%	to	\$ 112,000

Dividends

There were no dividends paid or declared during the current financial period.

Comments

The profit for the consolidated entity after providing for income tax amounted to \$112,000 (30 June 2010: loss of \$10,404,000).

Refer to review of operations in the directors' report and market announcement on 25 August 2011 for commentary on the results.

3. NTA backing

	Reporting period	Previous corresponding period
Net tangible asset backing per ordinary security	9.54 cents	6.95 cents

4. Control gained over entities

Name of entities (or group of entities) Not applicable.

Date control gained

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)

\$ -

Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period (where material)

\$ -

5. Loss of control over entities

Name of entities (or group of entities) Not applicable.

Date control lost

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)

\$ -

Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)

\$ -

6. Dividends

Current period

There were no dividends paid or declared during the current financial period.

Previous corresponding period

	Amount per security	Franked amount per security
Final dividend for the year ended 30 June 2009 paid on 23 October 2009	2.500 cents	2.500 cents

7. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The company has an established dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash.

The last date(s) for receipt of election notices for the dividend or distribution plans: Prior to the record date

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Current period	Previous corresponding period	Current period	Previous corresponding period
Not applicable.				
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit(loss) from ordinary activities before income tax			\$ -	\$ -
Income tax on operating activities			\$ -	\$ -

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The accounts have been audited and an unqualified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Financial Report of Thomas & Coffey Limited for the year ended 30 June 2011 is attached.

12. Signed



Signed: _____

Date: 25 August 2011

Rex Comb
Managing Director
Sydney

Thomas & Coffey Limited
ABN 60 000 263 678

Financial Report - 30 June 2011

Thomas & Coffey Limited
Corporate directory
30 June 2011

Directors	Robert K Critchley BEc, CPA, FAIBF Rex H Comb B.Bus, MBA, FAICD, FCPA Paul A Young MA (Cantab), ACA (ICAEW), CF, FAICD Stephen Gillies BBus (AccFin) Timothy J Regan BEc, FCA, FAPI, MAICD G F Dan O'Brien BSc, BVMS, MBA
Company secretary	David J Irvine CA
Notice of annual general meeting	The annual general meeting of Thomas & Coffey Limited: will be held at Hotel Pullman Sydney Olympic Park Olympic Boulevard Homebush Bay, NSW 2127 time 11:00 AM date Thursday 24 November 2011
Registered office	1 Figtree Drive Homebush Bay NSW 2127 P: +61 2 9008 2000
Share register	Computershare Registry Services Pty Limited Level 5, 115 Grenfell Street Adelaide SA 5000 GPO Box 1903 Adelaide SA 5001 Enquiries within Australia 1300 566 161 Enquiries outside Australia +61 3 9615 4000
Auditor	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street Sydney NSW 2000
Solicitors	Watson Mangioni Level 13, 50 Carrington Street Sydney NSW 2000 Kemp Strang Level 16, 55 Hunter Street Sydney NSW 2000
Bankers	National Australia Bank 255 George Street Sydney NSW 2000
Stock exchange listing	Thomas & Coffey Limited shares are listed on the Australian Securities Exchange (ASX code: THO)
Website address	www.thomascoffey.com.au

Thomas & Coffey Limited
Directors' report
30 June 2011

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Thomas & Coffey Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2011.

Directors

The following persons were directors of Thomas & Coffey Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Robert K Critchley
Rex H Comb (appointed on 13 January 2011)
Paul A Young
Stephen Gillies
Timothy J Regan
G F Dan O'Brien (reappointed on 22 April 2011)
Martin J L Whittaker (resigned on 13 January 2011)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Services for upgrade, repair and maintenance for major industrial and mining companies
- Electrical and building services for facility maintenance industries
- Project contracting, design and construct and project management

Dividends

Dividends paid during the financial year were as follows:

	2011 \$'000	2010 \$'000
Final dividend for the year ended 30 June 2009 of 2.5 cents per ordinary share paid on 23 October 2009 fully franked based on a tax rate of 30%	-	2,184

There were no dividends declared during the current or previous financial year.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$112,000 (30 June 2010: loss of \$10,404,000).

The segment results are shown in note 3 of the financial report and comments and the results of these operations are set out below:

Maintenance services

The maintenance services operations, which services mining and industrial clients, delivered an earnings before interest, tax, depreciation and amortisation ('EBITDA') contribution of \$14.18 million (30 June 2010: \$8.28 million) as it recovered from the effects of the global financial crisis. Revenues were up by 9% to \$142.9 million and EBITDA margins strengthened to 10%.

Construction and Engineering

The construction and engineering operations incurred an EBITDA loss of \$1.89 million (30 June 2010: \$13.66 million loss). Revenues of \$183.5 million were 12% below the prior year reflecting the impact on construction activity of the global financial crisis in the first half and the Queensland floods in the second half of the year. Earnings were also affected by losses on a number of legacy projects and costs related to the restructure and closure of unprofitable operations.

Significant changes in the state of affairs

The company completed a capital raising by issuing 26.6 million ordinary shares, 20 million convertible notes and 5 million options, the proceeds from the capital raising, before transaction costs, totalled \$9.3 million.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is subject to environmental regulation in respect of its projects.

Contained within most contracts is the requirement to abide by any necessary Environment Protection Authority regulation and any other relevant law within Local, State and Federal jurisdictions.

The consolidated entity has determined the risk of non-compliance and has not identified any significant compliance breaches.

Information on directors

Name:	Robert K Critchley
Title:	Non-Executive Chairman
Qualifications:	BEC, CPA, F Fin
Experience and expertise:	Bob Critchley is a Strategic Workforce Consultant. Previously he was International President for DBM Inc, the world's leading outplacement and career management company, responsible for its global operations outside North America. Prior to that, he established his own strategic planning company. He has had over 25 years' experience in the banking and finance industry - in Australia and overseas. Bob has an economics degree from the University of Adelaide and is a Certified Practising Accountant.
Other current directorships:	Director of Becton Property Group Limited
Former directorships (in the last 3 years):	Non-Executive Director of Noni B Ltd from 1999 to January 2009
Special responsibilities:	Chairman of the Board and Member of the Human Resources Committee
Interests in shares:	5,150,065 ordinary shares
Interests in options:	None

Thomas & Coffey Limited
Directors' report
30 June 2011

Name:	Rex H Comb (appointed on 13 January 2011)
Title:	Managing Director
Qualifications:	B.Bus, MBA, FAICD, FCPA
Experience and expertise:	Rex has wide operational and financial experience and has held chief executive roles for more than eleven years. He was CEO of Eircom, Ireland's largest telecommunications company, group Managing Director of Linfox Australia and Managing Director then Vice President Asia Pacific for Mattel. He also has experience in mining and infrastructure through senior finance roles with Melbourne Water and North Limited (now part of Rio Tinto). A fellow of the Australian Society of Certified Practising Accountants and fellow of the Australian Institute of Company Directors, Rex has a degree in business and an MBA from Melbourne Business School.
Other current directorships:	None
Former directorships (in the last 3 years):	Director of Eircom Ireland Holdings Limited from September 2006 to February 2009
Special responsibilities:	Managing Director
Interests in shares:	Interest in 2,232,143 (LTI shares not vested)
Interests in options/notes:	2,500,000 options over shares and 10,750,000 convertible notes
Name:	Paul A Young
Title:	Non-Executive Director
Qualifications:	MA (Cantab), ACA (ICAEW), CF, FAICD
Experience and expertise:	Paul is the co-founder and an Executive Director of Baron Partners Limited, a well-established corporate advisory business, and has been in merchant banking in Australia for more than 26 years. He has extensive experience in the provision of corporate advice to a wide range of listed and unlisted companies including restructurings, capital raisings, initial public offerings and mergers and acquisitions. A qualified chartered accountant, Paul has a degree in economics from the University of Cambridge, an advanced diploma in Corporate Finance and is a Fellow of the Australian Institute of Company Directors.
Other current directorships:	Paul also holds Non-Executive Directorships with Ambition Group Limited, a listed specialist accounting and IT recruitment business, Tidewater Investments Limited (Chairman), a listed investment business, Enware Australia Pty Limited, a manufacturer of specialist tapware and safety equipment and Performance English Pty Limited, a provider of education services.
Former directorships (in the last 3 years):	Chairman and Non-Executive Director of Peter Lehmann Wines Limited from December 2003 to March 2010, Non-Executive Director of Sapex Limited from April 2006 to October 2008, Non-Executive Director of Site Group International Limited (formerly Lazco Limited) from June 2010 to April 2011 and Non-Executive Director of GB Energy Limited from February 2011 to July 2011.
Special responsibilities:	Chairman of the Audit Committee and Member of the Human Resource Committee
Interests in shares:	3,220,393 ordinary shares
Interests in options:	None

Thomas & Coffey Limited
Directors' report
30 June 2011

Name: Stephen Gillies
Title: Non-Executive Director
Qualifications: BBus (AccFin)
Experience and expertise: Stephen holds a Bachelor's degree in business with a major in accounting and finance and has over 23 years' experience in infrastructure maintenance, public sector construction services, manufacturing, retailing and financial services. He spent a number of years with General Motors in finance before joining Cable Price Downer Limited in 1988. Stephen has extensive experience in acquisitions and business development having overseen Downer EDI's IPO and growth to become an ASX 100 company.

Other current directorships: Managing Director of Roadworx Group Pty Limited
Former directorships (in the last 3 years): None
Special responsibilities: Chairman of Human Resources Committee (until 22 April 2011) and Member of the Audit and Risk Committee (appointed on 22 April 2011)
Interests in shares: 26,445 ordinary shares
Interests in options: None

Name: Timothy J Regan
Title: Non-Executive Director
Qualifications: BEc, FCA, FAPI, MAICD
Experience and expertise: Timothy has extensive experience in the construction, property and services industries, including as a former Chief Operating Officer of Mirvac Group and Chief Executive Officer of TJS Services. Timothy is currently the Chief Executive Officer and Chief Financial Officer of the George Institute of Global Health and is also the President of Financial Executives International in Australia and is the Vice-Chair of the Australian Theatre for Young People. He holds a Bachelor of Economics from the University of Sydney and is a Fellow of the Institute of Chartered Accountants and a Fellow of the Australian Property Institute.

Other current directorships: None
Former directorships (in the last 3 years): None
Special responsibilities: Chairman of Human Resources Committee (appointed on 22 April 2011) and Member of the Audit and Risk Committee (until 22 April 2011)
Interests in shares: 292,779 ordinary shares
Interests in options: None

Name: G F Dan O'Brien (reappointed on 22 April 2011)
Title: Non-Executive Director
Qualifications: BSc, BVMS, MBA
Experience and expertise: Dan has held directorships and management positions in a number of prominent Australian and international public and private companies. He has significant commercial experience having held Chief Executive Officer roles for BIL Australia, Mattel Asia Pacific and The King Island Company over the past 15 years. Dan is currently the principal of Dromoland Capital, a private equity group.

Other current directorships: None
Former directorships (in the last 3 years): Non-Executive Director of Hexima Limited from May 2002 to September 2009 and Non-Executive Director of Select Harvests Limited from March 2004 to June 2009
Special responsibilities: Member of Audit and Risk Committee (appointed on 22 April 2011)
Interests in shares: 5,100,000 ordinary shares
Interests in options/notes: 2,500,000 options over shares and 7,000,000 convertible notes

Thomas & Coffey Limited
Directors' report
30 June 2011

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

The company secretary is David Irvine. He holds a Bachelor of Financial Administration from the University of New England and is a Chartered Accountant. Before joining Thomas & Coffey Limited, he was Chief Financial Officer of Boral Limited and United Group Limited.

Meetings of directors

The number of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2011, and the number of meetings attended by each director were:

	Full Board		Audit Committee		Human Resources Committee	
	Attended	Held	Attended	Held	Attended	Held
Robert Critchley	18	18	-	-	3	3
Rex Comb	7	7	-	-	-	-
Paul Young	17	18	4	4	2	3
Stephen Gillies	15	18	4	4	2	2
Timothy Regan	16	18	3	4	-	1
Dan O'Brien	3	3	-	-	-	-
Martin Whittaker	10	10	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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

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

A Principles used to determine the nature and amount of remuneration

The Human Resources ('HR') Committee consists of three non-executive directors. The committee may invite others to attend as necessary. The committee meets as required and addresses matters in accordance with its charter. In general, the full Board is required to approve matters relating to the managing director and matters regarding the consolidated entity's HR strategy.

Remuneration is reviewed periodically by the consolidated entity. Advice from external remuneration consultants is obtained.

Non-executive directors remuneration

The consolidated entity aims to remunerate directors at a level consistent with similarly sized listed companies, taking into account the time commitment of the role and consolidated entity's performance.

Thomas & Coffey Limited
Directors' report
30 June 2011

Non-executive director's remuneration consists of a base fee which incorporates the cost of any required, or otherwise made, level of superannuation contribution necessary to meet the requirements of the Superannuation Guarantee (Administration) Act. No separate director retirement allowance is payable.

There is no variable component to director's remuneration directly linked to the consolidated entity's financial performance. Further, no additional remuneration is paid for director's participation on either the Audit or Human Resources sub-committees.

Non-executive directors do not receive share options but they are eligible to participate in the consolidated entity's Deferred Employee Share Plan ('DESP').

The fees paid to directors were reviewed effective 1 September 2008 and increased to \$160,000 per annum for the chairman and \$80,000 per annum for each non-executive director. On 12 November 2008, shareholders approved an aggregate fee pool for non-executive directors of \$750,000 per annum.

Executive remuneration

For executives, including the managing director, the consolidated entity seeks to deliver remuneration comprising fixed and variable components for target performance, around the median of the markets in which the consolidated entity operates. The consolidated entity seeks to leverage remuneration to around the third quartile of the markets in which it operates on achievement of above plan performance through the use of various incentive plans and equity based rewards. Executive remuneration is reviewed annually and on promotion.

Fixed remuneration, based on employment cost principles, may comprise cash, superannuation contributions, motor vehicle provision and incidental benefits, including shares in Thomas & Coffey Limited in accordance with the terms of the Employee Share plans, at the consolidated entity executive's discretion. There are no future guaranteed fixed pay increases contained in any executives' employment contract.

Superannuation benefits must equal or exceed the minimum level required by the Superannuation Guarantee (Administration) Act. There are no additional retirement benefits provided to executives beyond the level of superannuation contributions made by the consolidated entity to the employee's nominated fund.

The variable elements of remuneration are delivered by way of both short and long-term incentive plans.

Short Term Incentive ('STI') plans focus on the achievement of annual financial and other strategic objectives, related to the executive's scope of responsibility. The specific design of STI plans is reviewed by the Human Resources Committee annually. Financial measures include profitability, both of the consolidated entity and, where applicable, the specific operation for which the executive has accountability. Incentives are paid after the results of the financial year are finalised. STI plan payments are contingent on the consolidated entity as a whole achieving a profit before tax result greater than 75% of plan. At an individual employee level, STI plan payments commence once the performance of the relevant organisation unit reaches 85% of plan. Some discretion is retained by the Board to recognise the achievement of important strategic objectives by executives that do not necessarily impact on immediate financial results.

Long Term Incentive ('LTI') plans utilise equity related programs such as the Employee Share Option Plan and/or the Deferred Share Plan. Under these plans, participants may receive issues of shares or be eligible to exercise a prior grant of options.

Since 2006, an Executive LTI Plan has been in place, replacing an earlier practice of issuing ad-hoc grants of share options. The LTI plan is designed to link the receipt of long term incentive benefits directly to improvements in shareholders' position. Further, assuming the service and performance conditions are met, the plan is designed to increase the likelihood that senior executives will hold significant shareholdings in the company.

For senior executives the DESP is utilised as the vehicle for the LTI Plan. Under the LTI Plan, shares are issued or acquired equivalent to a maximum level of incentive determined by the Board. These shares vest on the achievement of specified performance and service conditions.

For the 2010/11 LTI Plan, the shares/incentive potentially vest after the announcement of audited results for the 2011/12, 2012/13 and 2013/14 periods. Up to one-third of the maximum number of shares may vest at these times. The actual number of shares that may vest is influenced by the aggregate Diluted Earnings Per Share ('DEPS') growth (after tax) result; one-third at threshold, two-thirds at target and three-thirds at superior performance. For the 2010/11 LTI Plan, the performance targets are threshold - 12.5% per annum aggregate DEPS growth, target - 15% per annum aggregate DEPS growth and superior - 20% per annum aggregate DEPS growth over the relevant periods.

The value of the LTI remuneration, using an appropriate equity instrument valuation model, is included in the remuneration tables below.

Consolidated entity performance and link to remuneration

As mentioned above, remuneration for all executives is, at least in part, is directly linked to performance of the consolidated entity. A portion of bonus and incentive payments are dependent on defined earnings per share targets being met. The majority of bonus and incentive payments are at the discretion of the Board. Refer to section E of the remuneration report for details of the last five years revenues and profit (loss) before tax.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Thomas & Coffey Limited are set out in the following tables.

The key management personnel of the consolidated entity consisted of the directors of Thomas & Coffey Limited and the following executives:

- D Irvine - Chief Financial Officer and Company Secretary
- M Righini - Regional General Manager, NSW North
- P Brodie - Regional General Manager, NSW South (KMP from 1 March 2011)
- A Rakich - Regional General Manager, Queensland South (KMP from 1 March 2011)
- S Muller - Regional General Manager, Queensland Central (appointed on 8 June 2011)

Thomas & Coffey Limited
Directors' report
30 June 2011

2011	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees \$	Bonus \$	Non-monetary \$	Super-annuation \$	Long service leave/other \$	Equity-settled \$	Total \$
<i>Non-Executive Directors:</i>							
R Critchley	-	-	-	40,000	-	120,000	160,000
P Young	-	-	-	-	-	80,000	80,000
S Gillies	73,394	-	-	6,606	-	-	80,000
T Regan	73,394	-	-	6,606	-	-	80,000
D O'Brien	11,667	-	-	3,889	-	-	15,556
<i>Executive Directors:</i>							
R Comb	325,689	-	8,125	7,261	-	83,898	424,973
M Whittaker *	871,280	-	15,438	12,032	(27,301)	(25,394)	846,055
<i>Other Key Management Personnel:</i>							
D Irvine	305,301	-	19,500	15,199	-	21,004	361,004
M Righini	354,630	-	19,500	50,870	-	34,500	459,500
P Brodie	216,011	-	19,500	19,488	11,638	2,307	268,944
A Rakich	141,766	-	18,833	52,826	19,216	4,140	236,781
S Muller	15,807	-	1,246	971	-	-	18,024
D Howes	232,238	-	19,333	21,262	-	5,903	278,736
	2,621,177	-	121,475	237,010	3,553	326,358	3,309,573

* M Whittaker salary includes termination payment of \$493,542 and long term benefits include annual leave of \$40,753 paid out on termination

Thomas & Coffey Limited
Directors' report
30 June 2011

2010	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees \$	Bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	Total \$
<i>Non-Executive Directors:</i>							
R Critchley	-	-	-	45,000	-	115,000	160,000
F Mitchell	-	-	-	33,333	-	-	33,333
P Young	-	-	-	-	-	80,000	80,000
D O'Brien	18,349	-	-	1,651	-	-	20,000
S Gillies	73,394	-	-	6,606	-	-	80,000
T Regan	30,581	-	-	2,752	-	-	33,333
<i>Executive Directors:</i>							
M Whittaker	430,500	-	19,500	50,000	5,914	-	505,914
<i>Other Key Management Personnel:</i>							
D Irvine	157,728	56,250	10,050	7,452	-	2,302	233,782
D MacLaughlin *	187,838	-	14,125	18,380	-	-	220,343
M Righini	185,417	75,000	9,540	12,950	-	3,349	286,256
P Cassano **	381,610	-	11,914	15,275	-	-	408,799
	1,465,417	131,250	65,129	193,399	5,914	200,651	2,061,760

* D MacLaughlin salary includes termination payment of \$35,631

** P Cassano salary includes termination payment of \$103,288

Thomas & Coffey Limited
Directors' report
30 June 2011

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2011	2010	2011	2010	2011	2010
<i>Non-Executive Directors:</i>						
R Critchley	100%	100%	- %	- %	- %	- %
P Young	100%	100%	- %	- %	- %	- %
S Gillies	100%	100%	- %	- %	- %	- %
T Regan	100%	100%	- %	- %	- %	- %
G O'Brien	100%	100%	- %	- %	- %	- %
F Mitchell	- %	100%	- %	- %	- %	- %
<i>Executive Directors:</i>						
R Comb	55%	- %	27%	- %	18%	- %
M Whittaker	100%	55%	- %	27%	- %	18%
<i>Other Key Management Personnel:</i>						
D Irvine	69%	82%	23%	- %	8%	18%
M Righini	60%	80%	30%	- %	10%	20%
P Brodie	75%	- %	19%	- %	6%	- %
A Rakich	78%	- %	18%	- %	4%	- %
S Muller	100%	- %	- %	- %	- %	- %
D Howes	75%	- %	19%	- %	6%	- %

Where target performance is exceeded, both the Short and Long Term Incentive Plans may deliver greater incentives which will change the relative mix of performance-related remuneration.

Valuation of equity based remuneration

In respect of options, where share options vest on issue, they have been valued using a Binomial Approximation model. For share options with service vesting conditions, the Black-Scholes/Merton option valuation model has been used. No account has been taken of service conditions although, where performance conditions apply, the number of options has been adjusted to take into account the estimated likelihood of the options vesting.

In respect of LTI shares, for M Whittaker, the prior issue of LTI shares have been valued as market priced options (using Black-Scholes/Merton model) plus the net present value of expected dividends. The number of shares has been adjusted, after calculating the "fair value", to reflect the number of shares expected to vest. No account has taken of the probability of the service conditions being met.

For executives other than M Whittaker, the LTI shares have been valued as zero priced options (using Black-Scholes/Merton model) plus the net present value of expected dividends. The number of shares has been adjusted, after calculating the "fair value", to reflect the number of shares expected to vest.

Thomas & Coffey Limited
Directors' report
30 June 2011

Values have been amortised over the period from grant date to vesting date. The amounts shown in the remuneration disclosure for directors and specified executives represents that proportion of the calculated value that relates to the current financial year plus the net change in value that relates to previous years where the likelihood of the shares vesting has changed. This value takes into account the probability of both service and performance conditions being met.

Assumptions used in the valuations for grants are:

- Exercise price - as specified by the terms of the grant
- Life - from grant date to vesting date
- Current price - closing price on ASX on date of grant
- Volatility - historical daily closing share price over 12 months prior to grant date
- Risk free rate - based on the risk free rate that most closely relates to the expected life of the instrument
- Dividend yield - based on the expected annual dividend yield over the expected life of the instrument

C Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Rex Comb
Title:	Managing Director
Agreement commenced:	13 January 2011
Term of agreement:	Indefinite
Details:	<ul style="list-style-type: none">• Regular employment contract, without fixed term• Fixed remuneration of \$700,000 per annum as at 30 June 2011, reviewable periodically• Provision of salary continuance insurance• Participation in STI and LTI plans• 6 months notice required for termination of employment• Termination payment of 9 months fixed remuneration, subject to limitations of the Corporations Act (Cth)
Name:	David Irvine
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	4 January 2010
Term of agreement:	Indefinite
Details:	<ul style="list-style-type: none">• Regular employment contract, without fixed term• Fixed remuneration of \$340,000 per annum as at 30 June 2011, reviewable periodically• Provision of salary continuance insurance• Participation in STI and LTI plans• 4 months notice required for termination of employment• 12 months notice by the company if employment terminated within 18 months of a change of control

Thomas & Coffey Limited
Directors' report
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Name:	Mark Righini
Title:	General Manager - NSW North
Agreement commenced:	5 January 2010
Term of agreement:	Indefinite
Details:	<ul style="list-style-type: none">• Regular employment contract, without fixed term• Fixed remuneration of \$425,000 per annum as at 30 June 2011, reviewable periodically• Provision of salary continuance insurance• Participation in STI and LTI plans• 4 months notice required for termination of employment• 12 months notice by the company if employment terminated within 18 months of a change of control.
Name:	Phil Brodie
Title:	General Manager - NSW South
Agreement commenced:	15 July 2004 (commenced employment on 30 August 1993)
Term of agreement:	Indefinite
Details:	<ul style="list-style-type: none">• Regular employment contract, without fixed term• Fixed remuneration of \$260,000 per annum as at 30 June 2011, reviewable periodically• Provision of salary continuance insurance• Participation in STI and LTI plans• 2 months notice required for termination of employment
Name:	Anthony Rakich
Title:	General Manager - Queensland South
Agreement commenced:	1 March 2011 (commenced employment on 3 April 1991)
Term of agreement:	Indefinite
Details:	<ul style="list-style-type: none">• Regular employment contract, without fixed term• Fixed remuneration of \$282,000 per annum as at 30 June 2011, reviewable periodically• Provision of salary continuance insurance• Participation in STI and LTI plans• 3 months notice required for termination of employment
Name:	Steve Muller
Title:	General Manager - Queensland Central
Agreement commenced:	8 June 2011
Term of agreement:	Indefinite
Details:	<ul style="list-style-type: none">• Fixed remuneration of \$282,000 per annum as at 30 June 2011, reviewable periodically• Provision of salary continuance insurance• Participation in STI and LTI plans• 3 months notice required for termination of employment

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Directors' report
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D Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2011 are set out below:

Name	Date	No of shares	Issue price	\$
P Young	21 July 2010	60,223	\$0.3321	20,000
R Critchley	21 July 2010	120,445	\$0.3321	40,000
R Critchley	7 April 2011	400,000	\$0.2000	80,000
P Young	7 April 2011	270,136	\$0.2000	54,027
P Young	12 April 2011	25,524	\$0.2340	5,973
R Comb	2 May 2011	1,488,095	\$0.2352	350,000
R Comb	2 May 2011	744,048	\$0.2352	175,000
D Irvine	2 May 2011	238,520	\$0.2352	56,100
M Righini	2 May 2011	451,743	\$0.2352	106,250
A Rakich	2 May 2011	95,663	\$0.2352	22,500
P Brodie	2 May 2011	138,180	\$0.2352	32,500

Options

The terms and conditions of each grant of options affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
3 June 2010	18 January 2011	18 January 2014	\$0.5667	\$0.0092
3 June 2010	18 January 2012	18 January 2015	\$0.5667	\$0.0330
3 June 2010	18 January 2013	18 January 2016	\$0.5667	\$0.0528
3 June 2010	18 January 2014	18 January 2017	\$0.5667	\$0.0681
3 June 2010	18 January 2015	18 January 2018	\$0.5667	\$0.0802
3 June 2010	1 July 2012	31 July 2012	\$0.5400	\$0.0457
3 June 2010	1 January 2013	31 January 2013	\$0.5400	\$0.0552
3 June 2010	1 July 2013	31 July 2013	\$0.5400	\$0.0634
3 June 2010	1 January 2014	31 January 2014	\$0.5400	\$0.0707
3 June 2010	1 July 2014	31 July 2014	\$0.5400	\$0.0770
3 June 2010	1 January 2015	31 January 2015	\$0.5400	\$0.0827

Options granted carry no dividend or voting rights.

Details of options over ordinary shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2011 are set out below:

Name	Number of options granted during the year		Number of options vested during the year	
	2011	2010	2011	2010
D Irvine	-	600,000	-	-
M Righini	-	1,000,000	-	-
P Cassano	-	1,000,000	-	-

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Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel during the year ended 30 June 2011 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
P Brodie *	-	-	17,938	-

* Relates to 160,000 options held prior to becoming a key management personnel.

E Additional information

The earnings of the consolidated entity for the five years to 30 June 2011 are summarised below:

	2007 \$'000	2008 \$'000	2009 \$'000	2010 \$'000	2011 \$'000
Revenue	219,629	281,139	398,960	333,087	320,875
Profit (loss) before tax	7,029	11,207	8,012	(14,806)	229

This concludes the remuneration report, which has been audited.

Loans to directors and executives

There were no outstanding loans to directors and executives.

Thomas & Coffey Limited
Directors' report
30 June 2011

Shares under option

Unissued ordinary shares of Thomas & Coffey Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
18 July 2005	1 July 2012	\$0.3534	62,500
18 July 2005	1 July 2011	\$0.3534	112,500
24 July 2009	1 July 2014	\$0.5330	50,000
18 January 2010	5 November 2012	\$0.7497	50,000
3 June 2010	18 January 2014	\$0.5667	200,000
3 June 2010	18 January 2015	\$0.5667	200,000
3 June 2010	18 January 2016	\$0.5667	200,000
3 June 2010	18 January 2017	\$0.5667	200,000
3 June 2010	18 January 2018	\$0.5667	200,000
3 June 2010	31 July 2012	\$0.5400	100,000
3 June 2010	31 January 2013	\$0.5400	100,000
3 June 2010	31 July 2013	\$0.5400	100,000
3 June 2010	31 January 2014	\$0.5400	100,000
3 June 2010	31 July 2014	\$0.5400	100,000
3 June 2010	31 January 2015	\$0.5400	100,000
7 April 2011	7 April 2015	\$0.4000	2,500,000
7 April 2011	7 April 2015	\$0.5000	2,500,000
			<u>6,875,000</u>

Shares issued on the exercise of options

There were no shares of Thomas & Coffey Limited issued on the exercise of options during the year ended 30 June 2011.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium of \$59,976 to insure the directors and secretary of the company and its Australian-based controlled entities, the general managers and business unit managers within each of the divisions of the consolidated entity.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers 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. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

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

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved 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 APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and 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.

Officers of the company who are former audit partners of PricewaterhouseCoopers

There are no officers of the company who are former audit partners of PricewaterhouseCoopers.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

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

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Rex Comb
Managing Director

25 August 2011
Sydney



Auditor's Independence Declaration

As lead auditor for the audit of Thomas & Coffey Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Thomas & Coffey Limited and the entities it controlled during the year.

A handwritten signature in black ink, appearing to read 'N R McConnell', written in a cursive style.

N R McConnell
Partner
PricewaterhouseCoopers

25 August 2011

Thomas & Coffey Limited (the 'company') and the board are committed to achieving and demonstrating the highest standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The company and its controlled entities together are referred to as the 'consolidated entity' in this statement.

A description of the company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. They comply with the *ASX Corporate Governance Council Revised Principles and Recommendations*.

Principle 1: Lay solid foundations for management and oversight

The relationship between the board and senior management is critical to the consolidated entity's long term success. The directors are responsible to the shareholders for the performance of the consolidated entity in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the consolidated entity as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the consolidated entity is properly managed.

The responsibilities of the board include:

- providing strategic guidance to the company including contributing to the development of and approving of the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring:
 - organisational performance and the achievement of the consolidated entity's strategic goals and objectives
 - compliance with the consolidated entity's code of conduct
 - progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments;
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the company's auditors;
- appointment, performance assessment and, if necessary, removal of the Managing Director;
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the Chief Financial Officer ('CFO') and the Company Secretary;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation;
- overseeing the operation of the consolidated entity's system for compliance and risk management reporting to shareholders;
- Ensuring appropriate resources are available to senior management.

Day to day management of the consolidated entity's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the board to the Managing Director and senior executives as set out in the consolidated entity's delegations policy. These delegations are reviewed on an annual basis.

The board conducts a performance assessment for senior executives in the financial year in accordance with the process above.

Principle 2: Structure the board to add value

The board operates in accordance with the broad principles set out in its charter which is available on the company's website (www.thomascoffey.com.au). The charter details the board's composition and responsibilities.

Board composition

The charter states:

- the board is to be comprised of both executive and non-executive directors with a majority of non-executive directors. Non-executive directors bring a fresh perspective to the board's consideration of strategic, risk and performance matters;
- in recognition of the importance of independent views and the board's role in supervising the activities of management, the Chair must be an independent non-executive director, the majority of the board must be independent of management and all directors are required to exercise independent judgement and review and constructively challenge the performance of management;
- the Chair is elected by the full board and is required to meet regularly with the Managing Director;

- the company is to maintain a mix of directors on the board from different backgrounds (including gender, age, ethnicity and cultural and professional backgrounds) with complementary skills and experience;
- the board is required to undertake an annual board performance review and consider the appropriate mix of skills required by the board to maximise its effectiveness and its contribution to the consolidated entity.

The board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the consolidated entity and directors with an external or fresh perspective; and
- the size of the board is conducive to effective discussion and efficient decision making.

Directors' independence

The board has adopted specific principles in relation to directors' independence. These state that when determining independence, a director must be a non-executive and the board should consider whether the director:

- is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- is or has been employed in an executive capacity by the company or any other consolidated entity member within three years before commencing to serve on the board;
- within the last three years has been a principal of a material professional adviser or a material consultant to the company or any other consolidated entity member, or an employee materially associated with the service provided;
- is a material supplier or customer of the company or any other consolidated entity member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the company or a controlled entity other than as a director of the consolidated entity;
- is free from any business or other relationships which could, or could reasonably be perceived to, materially interfere with the director's independent exercise of their judgement.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the company or consolidated entity or 5% of the individual directors' net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.

The board is of the opinion that director independence is not compromised through directors holding a substantial interest in the company's shares. The board believes that greater value will be provided to shareholders as a whole through having directors who have more than a nominal equity interest in the company. By encouraging share ownership by directors the board believes they are able to better align the interests of the directors to that of the company.

The board assesses independence each year. To enable this process, the directors must provide all information that may be relevant to the assessment.

Board members

Details of the members of the board, their experience, expertise, qualifications, term of office and independent status are set out in the directors' report under the heading 'Information on directors'. At the date of signing the directors' report, there is one executive director and five non-executive directors all the non-executive directors are deemed independent under the principles set out above.

Term of office

The company's Constitution specifies that all non-executive directors must retire from office no later than the third annual general meeting ('AGM') following their last election. Where eligible, a director may stand for re-election.

Chair and Chief Executive Officer ('CEO')

The Chair is responsible for leading the board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the board's relationship with the company's senior executives. In accepting the position, the Chair has acknowledged that it will require a significant time commitment and has confirmed that other positions will not hinder their effective performance in the role of the Chair.

The CEO is responsible for implementing consolidated entity strategies and policies. The board charter specifies that these are separate roles to be undertaken by separate people.

Induction

The induction provided to new directors and senior managers enables them to actively participate in board decision making as soon as possible. It ensures that they have a full understanding of the company's financial position, strategies, operations, culture, values and risk management policies. It also explains the respective rights, duties, responsibilities and roles of the board and senior executives.

Commitment

The board held 18 board meetings during the year. Five of these meetings were held at operational sites of the company and tours of the facilities were included as part of the visit.

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2011, and the number of meetings attended by each director is disclosed in the directors' report.

It is the company's practice to allow its executive directors to accept appointments outside the company with prior written approval of the board. No appointments of this nature were accepted during the year ended 30 June 2011.

The commitments of non-executive directors are considered by the board prior to the director's appointment to the board of the company and are reviewed each year.

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

Conflicts of interest

Entities connected with directors that have business dealings with the consolidated entity during the year are described in the notes to the financial statements. The directors concerned declared their interests in those dealings to the company and took no part in the decisions relating to them or the proceeding discussions. In addition, those directors did not receive any papers from the consolidated entity pertaining to those dealings.

Independent professional advice

Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior written approval of the Chair is required, but this will not be unreasonably withheld.

Performance assessment

The board undertakes an annual self-assessment of its collective performance, the performance of the Chair and of its committees to ensure the board as a whole and its committees work efficiently and effectively. The results and any action plans are documented together with specific performance goals which are agreed to for the coming year.

For the 2011 financial year, the Chair met with each of the directors to receive their assessment of matters including the role of the board, the relationships and performance of the board and personal contribution to the role. The findings from this review were discussed at the July 2011 board meeting.

Board committees

The board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the board are the human resources and audit committees. Each is comprised entirely of non-executive directors. The committee structure and membership is reviewed on an annual basis.

Each of these committees has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All of these charters are reviewed on an annual basis and are available on the company website. All matters determined by committees are submitted to the full board as recommendations for board decisions.

Minutes of committee meetings are tabled at the subsequent board meeting. Additional requirements for specific reporting by the committees to the board are addressed in the charter of the individual committees.

Nominations committee

The company does not have a fully operational nominations committee. Such a committee would be responsible for: determining the size and composition of the board;

- developing the criteria for board membership;
- identifying potential candidates for appointment to the board;
- assess the effectiveness of the induction process
- evaluating and assessing the performance of the board as a whole; and
- overseeing board succession, including the Chair, and review whether the succession plans are in place to maintain an appropriate mix of skills, experience and diversity of the board.

The Chair and a non-executive director act as a nomination committee, to assess and make recommendations to the board regarding membership of the board, including proposed new appointments.

The roles and functions of the nomination committee are performed by the full board.

Details of the nomination, selection and appointment processes are detailed in the board charter. Notices of meetings for the election of directors comply with the ASX Corporate Governance Council's best practice recommendations.

New directors are provided with a letter of appointment setting out the company's expectations, their responsibilities, rights and the terms and conditions of their employment. All new directors participate in a comprehensive formal induction program which covers the operation of the board and its committees and financial, strategic, operations and risk management issues.

Principle 3: Promote ethical and responsible decision making

Code of conduct

The company has developed a statement of values and a Code of Conduct (the Code) which has been fully endorsed by the board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the consolidated entity's integrity and to take into account legal obligations and reasonable expectations of the company's stakeholders.

In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

The purchase and sale of company securities by directors and senior employees is only permitted during the forty five day period following the release of the half-yearly and annual financial results and, as appropriate, any other significant announcement to the market. Any transactions undertaken must be notified to the company secretary in advance.

The Code and the company's trading policy are discussed with each new employee as part of their induction training. The Code requires employees who are aware of unethical practices within the consolidated entity or breaches of the company's trading policy to report these to the company secretary. This can be done anonymously.

The directors are satisfied that the consolidated entity has complied with the policies on ethical standards, including trading in securities.

A copy of the Code and its full trading policy is available on the company's website.

Diversity

The company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly the company has developed a diversity policy, a copy of which can be found on the company's website. This policy outlines the company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes the requirements for the board to assess annually both the objectives and the company's progress in achieving them.

The board are yet to establish these objectives and will commence measurement of the performance against these objectives during the forthcoming year and will include in the directors' report the proportion of women employees and their positions held within the company.

Principle 4: Safeguard integrity in financial reporting

Audit committee

The audit committee consists of the following non-executive directors:

P Young (Chair)
S Gillies
D O'Brien (appointed on 22 April 2011)
T Regan (resigned on 22 April 2011)

Details of these directors' qualifications, expertise, experience and attendance at audit committee meetings are set out in the directors' report under the heading 'Information on directors'.

The audit committee has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the industries in which the consolidated entity operates.

The audit committee operates in accordance with a charter which is available on the company website. The main responsibilities of the committee are to:

- review, assess and approve the annual report, the half-year financial report and all other financial information published by the company or released to the market;
- assist the board in reviewing the effectiveness of the organisation's internal control environment covering:
 - effectiveness and efficiency of operations
 - reliability of financial reporting
 - compliance with applicable laws and regulations;
- oversee the effective operation of the risk management framework;
- recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance;
- consider the independence and competence of the external auditor on an ongoing basis;
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence;
- review and monitor related party transactions and assess their propriety; and
- report to the board on matters relevant to the committee's role and responsibilities;

In fulfilling its responsibilities, the audit committee:

- receives regular reports from management and the external auditors.
- meets with the external auditors at least twice a year or more frequently if necessary;
- reviews the processes the Managing Director and CFO have in place to support their certifications to the board;
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved;
- meets separately with the external auditors at least twice a year without the presence of management;
- provides the external auditors with a clear line of direct communication at any time to either the Chair of the audit committee or the Chair of the board.

The audit committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

External auditors

The company and audit committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. PricewaterhouseCoopers were appointed as the external auditors in 1996. It is PricewaterhouseCoopers' policy to rotate audit engagement partners on listed companies at least every five years, and in accordance with that policy a new audit engagement partner was introduced for the year ended 30 June 2008.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principles 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders

Continuous disclosure and shareholder communication

The company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the consolidated entity that a reasonable person would expect to have a material effect on the price of the company's securities. These policies and procedures also include the arrangements the company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures is available on the company's website.

The company secretary has been nominated as the person responsible for communications with the Australian Stock Exchange ('ASX'). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the consolidated entity's operations, the material used in the presentation is released to the ASX and posted on the company's web site. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

The company seeks to provide opportunities for shareholders to participate through electronic means. Initiatives to facilitate this include making all company announcements and financial reports for the last five years available on the company's website. In addition, all shareholders may request to receive by mail a copy of the company's annual report.

Principle 7: Recognise and manage risk

The board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control.

The audit committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the company policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the consolidated entity's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct is required at all times and the board actively promotes a culture of quality and integrity.

Detailed control procedures cover management accounting, financial reporting, project appraisal, environment, health and safety, IT security, compliance and other risk management issues. Additional risk management procedures are currently being formulated to address other areas of risk management compliance.

While the company does not have a formal risk management group, the board believes the exposure to business and financial risk is mitigated through the function of the board, the audit committee and through the actions of the senior executives.

The board and the audit committee monitor the company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the board and the audit committee:

- review the framework and methodology for risk identification, the degree of risk the company is willing to accept, the management of risk and the processes for auditing and evaluating the company's risk management system;
- review group-wide objectives in the context of the above mentioned categories of corporate risk;
- review and, where necessary, approve guidelines and policies governing the identification, assessment and management of the company's exposure to risk;
- review and approve the delegations of financial authorities and addresses any need to update these authorities on an annual basis; and
- review compliance with agreed policies.

Management is responsible for designing, implementing and reporting on the adequacy of the company's risk management and internal control system and has to report on the effectiveness of:

- the risk management and internal control system during the year; and
- the company's management of its material business risks.

The environment, health and safety management system

The company recognises the importance of environmental and occupational health and safety ('OH&S') issues and is committed to the highest levels of performance. To help meet this objective the company employs human resources and OH&S managers to facilitate the systematic identification of OH&S issues and to ensure they are managed in a structured manner. Objectives include:

- monitoring compliance with all relevant legislation;
- continually assess and improve the impact of its operations on the environment;
- encouraging employees to actively participate in the management of OH&S issues; and
- working with trade associations representing the entity's businesses to raise standards.

Information on compliance with significant environmental regulations is set out in the directors' report.

Corporate reporting

The Managing Director and CFO have made the following certifications to the board:

- that the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and consolidated entity and are in accordance with relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

Remuneration committee

The company does not have a separate remuneration committee and these functions are performed by human resources committee or the board.

Human resources committee

The human resources committee consists of the following directors:

T Regan (Chair) (appointed on 22 April 2011)
R Critchley
P Young
S Gillies (resigned on 22 April 2011)

Details of these directors' qualifications, experience and attendance at human resources committee meetings are set out in the directors' report under the headings 'Information on directors' and 'Meetings of directors'.

The human resources committee operates in accordance with its charter which is available on the company website. The human resources committee advises the board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Each member of the senior executive team signs a formal employment contract at the time of their appointment or on promotion, covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description.

Further information on directors' and executives' remuneration is set out in the directors' report under the heading 'Remuneration report' and in the notes to the financial statements.

The committee also assumes responsibility for management succession planning, including the implementation of appropriate executive development programs and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

Thomas & Coffey Limited
Financial report
For the year ended 30 June 2011

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General information

The financial report covers Thomas & Coffey Limited as a consolidated entity consisting of Thomas & Coffey Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Thomas & Coffey Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Thomas & Coffey Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

1 Figtree Drive
Homebush Bay
NSW 2127

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 25 August 2011. The directors have the power to amend and reissue the financial report.

Thomas & Coffey Limited
Statement of comprehensive income
For the year ended 30 June 2011

		Consolidated	
	Note	2011 \$'000	2010 \$'000
Revenue	4	320,875	333,087
Other income	5	-	136
Expenses			
Raw materials and consumables used		(188,978)	(217,839)
Employee benefits expense		(110,297)	(110,826)
Depreciation and amortisation expense	6	(3,836)	(3,995)
Share-based payments write-back		135	427
Net loss on disposal of property, plant and equipment		(174)	-
Other expenses		(16,303)	(14,865)
Finance costs	6	<u>(1,193)</u>	<u>(931)</u>
Profit/(loss) before income tax (expense)/benefit		229	(14,806)
Income tax (expense)/benefit	7	<u>(117)</u>	<u>4,402</u>
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Thomas & Coffey Limited	26	112	(10,404)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the owners of Thomas & Coffey Limited		<u><u>112</u></u>	<u><u>(10,404)</u></u>
		Cents	Cents
Basic earnings per share	39	0.12	(12.20)
Diluted earnings per share	39	0.15	(12.20)

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

Thomas & Coffey Limited
Statement of financial position
As at 30 June 2011

Note	Consolidated	
	2011 \$'000	2010 \$'000
8	34	545
9	42,573	44,914
10	19,611	21,399
11	-	1,131
	<u>62,218</u>	<u>67,989</u>
12	12,557	15,056
13	12,340	12,719
14	4,218	4,262
	<u>29,115</u>	<u>32,037</u>
	<u>91,333</u>	<u>100,026</u>
15	43,691	53,587
16	1,909	15,117
17	9,656	9,391
18	27	-
	<u>55,283</u>	<u>78,095</u>
19	10,636	1,147
21	2,083	1,867
22	-	55
	<u>12,719</u>	<u>3,069</u>
	<u>68,002</u>	<u>81,164</u>
	<u>23,331</u>	<u>18,862</u>
23	30,123	25,117
24	(1,254)	(900)
25	1,148	1,446
26	<u>(6,686)</u>	<u>(6,801)</u>
	<u>23,331</u>	<u>18,862</u>

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

Thomas & Coffey Limited
Statement of changes in equity
For the year ended 30 June 2011

	Contributed equity \$'000	Treasury stock \$'000	Reserves \$'000	Retained profits/ (Accumulated losses) \$'000	Total equity \$'000
Consolidated					
Balance at 1 July 2009	24,810	(533)	1,842	5,787	31,906
Other comprehensive income for the year, net of tax	-	-	-	-	-
Loss after income tax (expense)/benefit for the year	-	-	-	(10,404)	(10,404)
Total comprehensive income for the year	-	-	-	(10,404)	(10,404)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	307	-	-	-	307
Share-based payments expense/(write-back)	-	-	(427)	-	(427)
Contributions received for employee share ownership plans	-	-	31	-	31
Treasury shares purchased	-	(367)	-	-	(367)
Dividends paid	-	-	-	(2,184)	(2,184)
Balance at 30 June 2010	<u>25,117</u>	<u>(900)</u>	<u>1,446</u>	<u>(6,801)</u>	<u>18,862</u>

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

Thomas & Coffey Limited
Statement of changes in equity
For the year ended 30 June 2011

	Contributed equity \$'000	Treasury stock \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Consolidated					
Balance at 1 July 2010	25,117	(900)	1,446	(6,801)	18,862
Other comprehensive income for the year, net of tax	-	-	-	-	-
Profit after income tax (expense)/benefit for the year	-	-	-	112	112
Total comprehensive income for the year	-	-	-	112	112
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	5,006	-	-	-	5,006
Share-based payments expense/(write-back)	-	-	(135)	-	(135)
Value of conversion rights - convertible notes	-	-	246	-	246
Treasury shares purchased	-	(760)	-	-	(760)
Transfers	-	406	(409)	3	-
Balance at 30 June 2011	30,123	(1,254)	1,148	(6,686)	23,331

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

Thomas & Coffey Limited
Statement of cash flows
For the year ended 30 June 2011

Note	Consolidated	
	2011 \$'000	2010 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	361,088	375,276
Payments to suppliers and employees (inclusive of GST)	<u>(360,863)</u>	<u>(380,969)</u>
	225	(5,693)
Interest and other finance costs paid	(1,101)	(931)
Income taxes refunded	1,131	-
Income taxes paid	<u>-</u>	<u>(1,049)</u>
Net cash from/(used in) operating activities	<u>255</u>	<u>(7,673)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(1,176)	(2,078)
Proceeds from sale of property, plant and equipment	116	593
Interest received	<u>11</u>	<u>48</u>
Net cash used in investing activities	<u>(1,049)</u>	<u>(1,437)</u>
Cash flows from financing activities		
Proceeds from issue of shares	5,371	307
Proceeds from issue of options	50	-
Proceeds from convertible notes	3,950	-
Proceeds from borrowings	-	8,053
Treasury shares purchases	(760)	(367)
Convertible note expenses	(328)	-
Share issue transaction costs	(594)	-
Dividends paid	-	(2,184)
Repayment of borrowings	<u>(7,211)</u>	<u>(3,039)</u>
Net cash from financing activities	<u>478</u>	<u>2,770</u>
Net decrease in cash and cash equivalents	(316)	(6,340)
Cash and cash equivalents at the beginning of the financial year	<u>(878)</u>	<u>5,462</u>
Cash and cash equivalents at the end of the financial year	<u><u>(1,194)</u></u>	<u><u>(878)</u></u>

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2 Share-based Payment Transactions - amendments for Group Cash-settled Share-based Payment Transactions

The consolidated entity has applied the amendments to AASB 2 from 1 July 2010. The amendments clarified the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the consolidated entity settles the transaction, and no matter whether the transaction is settled in shares or cash.

Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

The consolidated entity has applied Interpretation 19 from 1 July 2010. The interpretation clarified that equity instruments issued to a creditor to extinguish a financial liability qualifies as consideration paid. The equity instruments issued are measured at their fair value, or if not reliably measured, at the fair value of the liability extinguished, with any gain or loss recognised in profit or loss.

AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2009-5 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:

AASB 101 'Presentation of Financial Statements' - classification is not affected by the terms of a liability that could be settled by the issuance of equity instruments at the option of the counterparty;

AASB 107 'Statement of Cash Flows' - only expenditure that results in a recognised asset can be classified as a cash flow from investing activities;

AASB 117 'Leases' - removal of specific guidance on classifying land as a lease;

AASB 118 'Revenue' - provides additional guidance to determine whether an entity is acting as a principal or agent; and

AASB 136 'Impairment of Assets' - clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 'Operating Segments' before aggregation for reporting purposes.

Note 1. Significant accounting policies (continued)

AASB 2009-10 Amendments to AASB 132 - Classification of Rights Issues

The consolidated entity has applied AASB 2009-10 from 1 July 2010. The amendments clarified that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendment therefore provides relief to entities that issue rights in a currency other than their functional currency from treating the rights as derivatives with fair value changes recorded in profit or loss.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2010-3 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:

AASB 127 'Consolidated and Separate Financial Statements' and AASB 3 Business Combinations - clarifies that contingent consideration from a business combination that occurred before the effective date of revised AASB 3 is not restated; the scope of the measurement choices of non-controlling interest is limited to when the rights acquired include entitlement to a proportionate share of net assets in the event of liquidation; requires an entity in a business combination to account for the replacement of acquiree's share-based payment transactions, unreplaced and voluntarily replaced, by splitting between consideration and post combination expenses.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 34.

Note 1. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Thomas & Coffey Limited ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the year then ended. Thomas & Coffey Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Executive Committee being the Chief Operating Decision Makers. The Executive Committee is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the consolidated entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The consolidated entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

Services

Revenue associated with services transactions is recognised by reference to the stage of completion of the transaction at the reporting date.

Note 1. Significant accounting policies (continued)

Projects - Construction contracting

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

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

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

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

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

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Note 1. Significant accounting policies (continued)

Thomas & Coffey Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

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

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Cash and cash equivalents

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

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

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

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

Note 1. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost 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. If there is a reversal of impairment, the reversal can not exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

Property, plant and equipment

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-15 years
Motor vehicles	5-8 years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 1. Significant accounting policies (continued)

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependant on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between 2 and 10 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 1. Significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Convertible notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time, is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on the bank overdraft
- interest on short-term and long-term borrowings
- interest on finance leases

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 1. Significant accounting policies (continued)

Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Note 1. Significant accounting policies (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 1. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Thomas & Coffey Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2011. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the consolidated entity.

IFRS 10 (AASB 10) Consolidated Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

Note 1. Significant accounting policies (continued)

IFRS 11 (AASB 11) Joint Arrangements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint Operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

IFRS 12 (AASB 12) Disclosure of Interests in Other Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures', Interpretation 12 'Service Concession Arrangements' and Interpretation 13 'Customer Loyalty Programmes'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made by the consolidated entity in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

IFRS 13 (AASB 13) Fair Value Measurement

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets, but not liabilities. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

IAS 27 (AASB 127) Separate Financial Statements (Revised)

IAS 28 (AASB 128) Investments in Associates and Joint Ventures (Reissued)

These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in IFRS 10, IFRS 11 and IFRS 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.

IAS 1 (AASB 101) Presentation of Financial Statements (Revised)

This revised standard is applicable to annual reporting periods beginning on or after 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss. The change provides clarity about the nature of items presented as other comprehensive income and their future impact. The adoption of the revised standard from 1 July 2012 will impact the consolidated entity's presentation of its statement of comprehensive income.

AASB 124 Related Party Disclosures (December 2009)

This revised standard is applicable to annual reporting periods beginning on or after 1 January 2011. This revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. This revised standard introduces a partial exemption of disclosure requirement for government-related entities. The adoption of this standard from 1 July 2011 will not have a material impact on the consolidated entity.

Note 1. Significant accounting policies (continued)

AASB 1054 Australian Additional Disclosures

This Standard is applicable to annual reporting periods beginning on or after 1 July 2011. The standard sets out the Australian-specific disclosures, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 2009-12 Amendments to Australian Accounting Standards

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which have no major impact on the requirements of the amended pronouncements. The main amendment is to AASB 8 'Operating Segments' and requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments are a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provide clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instrument; clarifies that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Statements'; and provides guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 2010-5 Amendments to Australian Accounting Standards

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. The adoption of these amendments from 1 July 2011 will increase the disclosure requirements on the consolidated entity when an asset is transferred but is not derecognised and new disclosure required when assets are derecognised but the consolidated entity continues to have a continuing exposure to the asset after the sale.

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

These amendments are applicable to annual reporting periods beginning on or after 1 January 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life. The consolidated entity is yet to quantify the tax effect of adopting these amendments from 1 July 2012.

Note 1. Significant accounting policies (continued)

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project and AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements

These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. They make changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The amendments remove certain guidance and definitions from Australian Accounting Standards for conformity of drafting with International Financial Reporting Standards but without any intention to change requirements. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

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

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2013 will remove the duplication of relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Profit/loss on construction contracts

Contract revenue and expenses are recognised in accordance with the percentage of completion method which relies on forecasted contract outcomes. At each year-end the consolidated entity has various outstanding contractual variations and claims on construction and engineering contracts in the ordinary course of business which are in the process of negotiation and settlement. These variations and claims are continually reviewed and having regard to all known factors at the time of such reviews, including judgement as to the amounts that can reasonably be expected to be settled from such variations and claims, are recognised as revenue as where it is considered probable of receipt and can be reliably measured.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

Long service leave provision

As discussed in note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments: construction and engineering and maintenance services. These operating segments are based on the internal reports that are reviewed and used by the Executive Committee in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Executive Committee reviews earnings before interest, tax, depreciation and amortisation (EBITDA).

The information reported to the Executive Committee is on at least a monthly basis.

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Note 3. Operating segments (continued)

Types of products and services

The principal products and services of each of these operating segments are as follows:

Construction and engineering	Electrical and building services for facility maintenance industries; Project contracting, design and construct and project management for major industrial and mining companies and utilities
Maintenance services	Services for upgrade, repair and maintenance for major industrial and mining companies

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

There were no individually significant customers during the current and previous financial year.

Operating segment information

	Construction & engineering \$'000	Maintenance services \$'000	Intersegment eliminations/ unallocated \$'000	Consolidated \$'000
2011				
Revenue				
Sales to external customers	181,658	139,206	-	320,864
Intersegment sales	1,876	3,705	(5,581)	-
Total sales revenue	183,534	142,911	(5,581)	320,864
Other income	-	-	11	11
Total revenue	183,534	142,911	(5,570)	320,875
EBITDA	(1,892)	14,180	(7,041)	5,247
Depreciation and amortisation	(661)	(2,733)	(442)	(3,836)
Interest revenue	-	-	11	11
Finance costs	-	-	(1,193)	(1,193)
Profit/(loss) before income tax expense	(2,553)	11,447	(8,665)	229
Income tax expense				(117)
Profit after income tax expense				112
Assets				
Segment assets	29,322	56,170	5,841	91,333
Total assets				91,333
<i>Total assets includes:</i>				
Acquisition of non-current assets	397	809	42	1,248
Liabilities				
Segment liabilities	33,442	16,874	17,686	68,002
Total liabilities				68,002

Note 3. Operating segments (continued)

	Construction & engineering \$'000	Maintenance services \$'000	Intersegment eliminations/ unallocated \$'000	Consolidated \$'000
2010				
Revenue				
Sales to external customers	206,706	126,333	-	333,039
Intersegment sales	1,461	5,320	(6,781)	-
Total sales revenue	208,167	131,653	(6,781)	333,039
Other income	-	-	184	184
Total revenue	208,167	131,653	(6,597)	333,223
EBITDA	(13,656)	8,275	(4,547)	(9,928)
Depreciation and amortisation	(613)	(2,951)	(431)	(3,995)
Interest revenue	-	-	48	48
Finance costs	-	-	(931)	(931)
Profit/(loss) before income tax benefit	(14,269)	5,324	(5,861)	(14,806)
Income tax benefit				4,402
Loss after income tax benefit				(10,404)
Assets				
Segment assets	35,604	57,241	7,181	100,026
Total assets				100,026
<i>Total assets includes:</i>				
Acquisition of non-current assets	191	1,875	39	2,105
Liabilities				
Segment liabilities	45,525	18,141	17,498	81,164
Total liabilities				81,164

Note 4. Revenue

	Consolidated	
	2011	2010
	\$'000	\$'000
<i>Sales revenue</i>		
Revenue from rendering services and projects	320,864	333,039
<i>Other revenue</i>		
Interest	11	48
Revenue	320,875	333,087

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Note 5. Other income

	Consolidated	
	2011	2010
	\$'000	\$'000
Net gain on disposal of property, plant and equipment	-	136

Note 6. Expenses

	Consolidated	
	2011	2010
	\$'000	\$'000
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	-	5
Plant and equipment	2,709	2,682
Motor vehicles	748	952
Total depreciation	3,457	3,639
<i>Amortisation</i>		
Customer contracts	379	356
Total depreciation and amortisation	3,836	3,995
<i>Finance costs</i>		
Interest and finance charges paid/payable	87	297
Bank interest	1,014	634
Convertible notes borrowing costs	92	-
Finance costs expensed	1,193	931
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	7,026	6,930
<i>Superannuation expense</i>		
Defined contribution superannuation expense	6,886	6,940

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Note 7. Income tax expense/(benefit)

	Consolidated	
	2011	2010
	\$'000	\$'000
<i>Income tax expense/(benefit)</i>		
Current tax	-	61
Deferred tax	117	(4,448)
Over provision in prior years	-	(15)
	<u>117</u>	<u>(4,402)</u>
Aggregate income tax expense/(benefit)	<u>117</u>	<u>(4,402)</u>
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 14)	117	(3,844)
Decrease in deferred tax liabilities (note 20)	-	(604)
	<u>117</u>	<u>(4,448)</u>
<i>Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable</i>		
Profit/(loss) before income tax (expense)/benefit	229	(14,806)
Tax at the Australian tax rate of 30%	69	(4,442)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	50	54
Amortisation of customer contracts	6	6
Investment allowance	-	(15)
Sundry items	(8)	10
	<u>117</u>	<u>(4,387)</u>
Over provision in prior years	-	(15)
Income tax expense/(benefit)	<u>117</u>	<u>(4,402)</u>
<i>Amounts charged/(credited) directly to equity</i>		
Deferred tax assets (note 14)	<u>(73)</u>	<u>-</u>

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Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2011	2010
	\$'000	\$'000
Cash on hand	11	16
Cash at bank	23	529
	<u>34</u>	<u>545</u>

Reconciliation to cash and cash equivalents at the end of the financial year

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

Balances as above	34	545
Bank overdraft (note 16)	<u>(1,228)</u>	<u>(1,423)</u>
Balance as per statement of cash flows	<u>(1,194)</u>	<u>(878)</u>

Note 9. Current assets - trade and other receivables

	Consolidated	
	2011	2010
	\$'000	\$'000
Trade receivables	40,766	43,729
Less: Provision for impairment of receivables	<u>(106)</u>	<u>(206)</u>
	<u>40,660</u>	<u>43,523</u>
Other receivables	132	136
Prepayments	<u>1,781</u>	<u>1,255</u>
	<u>42,573</u>	<u>44,914</u>

Impairment of receivables

The consolidated entity has recognised a reversal of \$21,000 (2010: loss of \$99,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2011.

The ageing of the impaired receivables recognised above are as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Over 3 months overdue	<u>106</u>	<u>206</u>

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Note 9. Current assets - trade and other receivables (continued)

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Opening balance	206	244
Additional provisions recognised	-	99
Receivables written off during the year as uncollectable	(79)	(137)
Unused amounts reversed	(21)	-
	<u>106</u>	<u>206</u>
Closing balance	<u>106</u>	<u>206</u>

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$3,300,000 as at 30 June 2011 (\$4,935,000 as at 30 June 2010). The consolidated entity did not consider a credit risk on the aggregate balances after reviewing agency credit information and credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
1 to 3 months overdue	2,130	3,798
3 to 6 months overdue	1,170	1,137
	<u>3,300</u>	<u>4,935</u>

Note 10. Current assets - inventories

	Consolidated	
	2011	2010
	\$'000	\$'000
Work in progress - services	8,149	9,006
Project costs incurred and recognised profits less recognised losses	190,277	185,620
Less: Progress billings	(178,815)	(173,227)
	<u>11,462</u>	<u>12,393</u>
	<u>19,611</u>	<u>21,399</u>

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Note 11. Current assets - income tax refund due

	Consolidated	
	2011	2010
	\$'000	\$'000
Income tax refund due	-	1,131

Note 12. Non-current assets - property, plant and equipment

	Consolidated	
	2011	2010
	\$'000	\$'000
Land and buildings - at cost	1,073	1,073
	<u>1,073</u>	<u>1,073</u>
Plant and equipment - at cost	23,901	22,910
Less: Accumulated depreciation	(15,024)	(12,344)
	<u>8,877</u>	<u>10,566</u>
Motor vehicles - at cost	8,115	8,861
Less: Accumulated depreciation	(5,508)	(5,444)
	<u>2,607</u>	<u>3,417</u>
	<u>12,557</u>	<u>15,056</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Consolidated				
Balance at 1 July 2009	1,341	11,206	4,527	17,074
Additions	-	2,055	51	2,106
Disposals	(240)	(7)	(210)	(457)
Transfers in/(out)	(23)	(6)	1	(28)
Depreciation expense	(5)	(2,682)	(952)	(3,639)
	<u>1,073</u>	<u>10,566</u>	<u>3,417</u>	<u>15,056</u>
Balance at 30 June 2010	1,073	10,566	3,417	15,056
Additions	-	1,149	99	1,248
Disposals	-	(129)	(161)	(290)
Depreciation expense	-	(2,709)	(748)	(3,457)
	<u>1,073</u>	<u>8,877</u>	<u>2,607</u>	<u>12,557</u>
Balance at 30 June 2011	<u>1,073</u>	<u>8,877</u>	<u>2,607</u>	<u>12,557</u>

Property, plant and equipment secured under finance leases

Refer to note 32 for detailed information on property, plant and equipment secured under finance leases.

Note 13. Non-current assets - intangibles

	Consolidated	
	2011	2010
	\$'000	\$'000
Goodwill - at cost	9,780	9,780
	<u>9,780</u>	<u>9,780</u>
Customer contracts - at cost	3,573	3,573
Less: Accumulated amortisation	(1,013)	(634)
	<u>2,560</u>	<u>2,939</u>
	<u>12,340</u>	<u>12,719</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill \$'000	Customer contracts \$'000	Total \$'000
Consolidated			
Balance at 1 July 2009	9,780	3,295	13,075
Amortisation expense	-	(356)	(356)
	<u>9,780</u>	<u>2,939</u>	<u>12,719</u>
Balance at 30 June 2010	9,780	2,939	12,719
Amortisation expense	-	(379)	(379)
	<u>9,780</u>	<u>2,560</u>	<u>12,340</u>
Balance at 30 June 2011	<u>9,780</u>	<u>2,560</u>	<u>12,340</u>

The goodwill relates to the acquisitions of Thomas & Coffey services business, Coffey Engineering Services Pty Limited, the business of Holcan Constructions Pty Limited and the business of Pintab Pty Limited. The customer contracts relates to the acquisitions of the assets of Reliability Lubrication System Pty Limited, Holcan Constructions Pty Limited and Pintab Pty Limited.

Goodwill is allocated to the consolidated entity's cash-generating units (CGUs). The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations

In performing the value-in-use calculation, the consolidated entity has applied a post-tax discount rate of 12.5% (2010: 12.5%), which is the post-tax Weighted Average Cost of Capital (WACC). Cash flows are projected to increase at a rate of 5% (2010: 5%) for the first five years based on management's expectations. Cash flows beyond the 5 year period are extrapolated using an estimated growth rate of 3% (2010: 3%).

Impact of possible changes in key assumptions

If the post-tax discount rate was 13% instead of 12.5%, the recoverable amount of the CGU's goodwill would still be in excess of its carrying amount. If the cash flows growth rate is decreased from 5% to 4%, the CGU's goodwill would still be in excess of its carrying amount.

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Note 14. Non-current assets - deferred tax

	Consolidated	
	2011	2010
	\$'000	\$'000
<i>The balance comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	3,402	3,518
Impairment of receivables	32	62
Employee benefits	3,616	3,525
Share issue costs	130	-
Accrued expenses	140	182
Deferred income	42	50
Provision for losses on construction contracts	12	385
Provisions	264	217
Property, plant and equipment	(348)	(338)
Inventories	(2,445)	(2,703)
Convertible note	(100)	-
Other	(527)	(636)
Deferred tax asset	<u>4,218</u>	<u>4,262</u>
<i>Movements:</i>		
Opening balance	4,262	-
Credited/(charged) to profit or loss (note 7)	(117)	3,844
Credited to equity	73	-
Transfer to/(from) deferred tax liabilities	-	418
Closing balance	<u>4,218</u>	<u>4,262</u>

Note 15. Current liabilities - trade and other payables

	Consolidated	
	2011	2010
	\$'000	\$'000
Trade payables	36,398	41,993
Project work in progress (amount due from customers for project work)	(133,082)	(113,291)
Less: Progress billings	138,620	123,337
Other payables	<u>1,755</u>	<u>1,548</u>
	<u>43,691</u>	<u>53,587</u>

Refer to note 28 for detailed information on financial instruments.

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Note 16. Current liabilities - borrowings

	Consolidated	
	2011	2010
	\$'000	\$'000
Bank overdraft	1,228	1,423
Bank bills payable	-	12,500
Lease liability	681	1,194
	<u>1,909</u>	<u>15,117</u>

Refer to note 19 for further information on assets pledged as security and financing arrangements and note 28 for detailed information on financial instruments.

Note 17. Current liabilities - provisions

	Consolidated	
	2011	2010
	\$'000	\$'000
Annual leave	6,932	6,879
Long service leave	1,197	1,065
Rostered day off	829	796
Other	698	651
	<u>9,656</u>	<u>9,391</u>

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Other
	\$'000
Consolidated - 2011	
Carrying amount at the start of the year	651
Additional provisions recognised	134
Amounts used	<u>(87)</u>
Carrying amount at the end of the year	<u>698</u>

Note 18. Current liabilities - other

	Consolidated	
	2011	2010
	\$'000	\$'000
Deferred revenue	<u>27</u>	<u>-</u>

Note 19. Non-current liabilities - borrowings

	Consolidated	
	2011	2010
	\$'000	\$'000
Bank bills payable	6,500	-
Convertible notes payable	3,615	-
Lease liability	521	1,147
	<u>10,636</u>	<u>1,147</u>

Refer to note 28 for detailed information on financial instruments.

On 7 April 2011 the consolidated entity issued 20,000,000 convertible notes with a face value of \$0.20 each, for total proceeds of \$3,950,000. Interest is paid quarterly in arrears at a rate of 6% per annum based on the face value. The notes are convertible into ordinary shares of the company, at any time at the option of the holder, or repayable on 7 April 2015. Noteholders may convert notes into ordinary shares of the company at a face value of \$0.20 per note.

Total transaction costs of \$328,000 are being amortised over the term of the convertible notes.

The conversion option embedded in the convertible note amounted to \$352,000 has been recognised in equity. Refer to note 25.

Total secured liabilities

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

	Consolidated	
	2011	2010
	\$'000	\$'000
Bank overdraft	1,228	1,423
Bank bills payable	6,500	12,500
Lease liability	1,202	2,341
	<u>8,930</u>	<u>16,264</u>

Assets pledged as security

The bank overdraft and bank bills payable are at normal commercial rates and are secured by way of a fixed and floating charge over the consolidated entity's assets.

The lease liabilities are effectively secured as the rights to the leased assets recognised in the statement of financial position revert to the lessor in the event of default.

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Note 19. Non-current liabilities - borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2011	2010
	\$'000	\$'000
Total facilities		
Bank overdraft	10,000	10,000
Bank bills	8,500	19,660
	<u>18,500</u>	<u>29,660</u>
Used at the reporting date		
Bank overdraft	1,228	1,423
Bank bills	6,500	12,500
	<u>7,728</u>	<u>13,923</u>
Unused at the reporting date		
Bank overdraft	8,772	8,577
Bank bills	2,000	7,160
	<u>10,772</u>	<u>15,737</u>

Note 20. Non-current liabilities - deferred tax

	Consolidated	
	2011	2010
	\$'000	\$'000
<i>Movements:</i>		
Opening balance	-	14
Credited to profit or loss (note 7)	-	(604)
Prior year adjustment	-	172
Transfer from/(to) deferred tax asset	-	418
	<u>-</u>	<u>-</u>
Closing balance	<u>-</u>	<u>-</u>

Note 21. Non-current liabilities - provisions

	Consolidated	
	2011	2010
	\$'000	\$'000
Long service leave	<u>2,083</u>	<u>1,867</u>

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Note 22. Non-current liabilities - other

	Consolidated	
	2011	2010
	\$'000	\$'000
Deferred revenue	-	55

Note 23. Equity - contributed

	Consolidated		Consolidated	
	2011	2010	2011	2010
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	115,174,424	88,429,314	30,123	25,117

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$'000
Balance	1 July 2009	87,495,350		24,810
Shares vested	1 July 2009	-	\$0.0000	7
Deferred employee share plan	30 September 2009	420,703	\$0.0000	-
Dividend reinvestment	29 October 2009	513,261	\$0.5850	300
Balance	30 June 2010	88,429,314		25,117
Issue of shares	21 July 2010	166,271	\$0.3321	55
Renounceable issue 3 for 10	7 April 2011	26,578,839	\$0.2000	5,316
Costs of share issue	7 April 2011	-		(415)
Proceeds on issue of 5,000,000 options	7 April 2011	-	\$0.0100	50
Balance	30 June 2011	115,174,424		30,123

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

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

Share buy-back

There is no current on-market share buy-back.

Dividend reinvestment plan

The consolidated entity has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash.

Note 23. Equity - contributed (continued)

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

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

Note 24. Equity - treasury stock

	Consolidated	
	2011	2010
	\$'000	\$'000
Treasury stock	(1,254)	(900)

Treasury stock represents shares bought on market for the long term incentive scheme and held in trust by the Trustee.

Note 25. Equity - reserves

	Consolidated	
	2011	2010
	\$'000	\$'000
Revaluation surplus reserve	-	3
Share-based payments reserve	902	1,443
Convertible notes options reserve	246	-
	1,148	1,446

	Revaluation surplus \$'000	Share-based payments \$'000	Convertible notes option \$'000	Total \$'000
Consolidated				
Balance at 1 July 2009	3	1,839	-	1,842
Share-based payment write-back	-	(427)	-	(427)
Transfer to share capital	-	31	-	31
Balance at 30 June 2010	3	1,443	-	1,446
Share-based payment write-back	-	(541)	-	(541)
Issue of convertible option	-	-	352	352
Tax on issue of convertible option	-	-	(106)	(106)
Transfer to accumulated losses	(3)	-	-	(3)
Balance at 30 June 2011	-	902	246	1,148

Note 25. Equity - reserves (continued)

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Convertible notes option reserve

The reserve is used to recognise the value of the conversion option embedded in issued convertible notes.

Note 26. Equity - accumulated losses

	Consolidated	
	2011	2010
	\$'000	\$'000
Retained profits/(accumulated losses) at the beginning of the financial year	(6,801)	5,787
Profit/(loss) after income tax (expense)/benefit for the year	112	(10,404)
Dividends paid (note 27)	-	(2,184)
Transfer from revaluation surplus reserve	3	-
	<u>3</u>	<u>-</u>
Accumulated losses at the end of the financial year	<u>(6,686)</u>	<u>(6,801)</u>

Note 27. Equity - dividends

Dividends

	Consolidated	
	2011	2010
	\$'000	\$'000
Final dividend for the year ended 30 June 2009 of 2.5 cents per ordinary share paid on 23 October 2009 fully franked based on a tax rate of 30%	-	2,184
	<u>-</u>	<u>2,184</u>

There were no dividends declared during the current or previous financial year.

Franking credits

	Consolidated	
	2011	2010
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>2,223</u>	<u>2,438</u>

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 28. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by senior management under policies approved by the Board of Directors ('Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Senior management identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Senior management reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity is not exposed to any significant foreign currency risk.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity main interest rate risk arises from borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk.

For the consolidated entity the bank bills outstanding, totalling \$6,500,000 (2010: \$12,500,000), require monthly cash outlays of approximately \$34,000 (2010: \$55,000) per month to service the interest payments. The consolidated entity also has a bank overdraft totalling \$1,228,000 (2010: \$1,423,000). An official increase/decrease in interest rates of one (2010: one) percentage point would have an adverse/favourable affect on profit before tax of \$77,000 (2010: \$139,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

Credit risk is managed on a consolidated entity basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has a credit risk exposure of \$40,694,000 (2010: \$44,068,000) of cash at bank and trade receivables (less provision) as detailed in notes 8 and 9.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 28. Financial instruments (continued)

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2011	2010
	\$'000	\$'000
Bank overdraft	8,772	8,577
Bank bills	2,000	7,160
	<u>10,772</u>	<u>15,737</u>

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2011	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	36,399	-	-	-	36,399
Other payables	-	1,755	-	-	-	1,755
<i>Interest-bearing - variable</i>						
Bank overdraft	10.76	1,294	-	-	-	1,294
Bank bills payable	6.32	411	6,705	-	-	7,116
<i>Interest-bearing - fixed rate</i>						
Convertible notes payable	6.00	237	237	4,369	-	4,843
Lease liability	6.33	757	429	130	-	1,316
Total non-derivatives		<u>40,853</u>	<u>7,371</u>	<u>4,499</u>	<u>-</u>	<u>52,723</u>

Consolidated - 2010	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	41,993	-	-	-	41,993
Other payables	-	1,548	-	-	-	1,548
<i>Interest-bearing - variable</i>						
Bank overdraft	8.83	1,486	-	-	-	1,486
Bank bills payable	5.07	12,817	-	-	-	12,817
<i>Interest-bearing - fixed rate</i>						
Lease liability	6.75	1,352	753	489	-	2,594
Total non-derivatives		<u>59,196</u>	<u>753</u>	<u>489</u>	<u>-</u>	<u>60,438</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed.

Note 28. Financial instruments (continued)

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 29. Key management personnel disclosures

Directors

The following persons were directors of Thomas & Coffey Limited during the financial year:

R Critchley	Non-Executive Chairman
R Comb (appointed on 13 January 2011)	Managing Director
P Young	Non-Executive Director
S Gillies	Non-Executive Director
T Regan	Non-Executive Director
D O'Brien (reappointed on 22 April 2011)	Non-Executive Director
M Whittaker (resigned on 13 January 2011)	Former Managing Director

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

D Irvine	Chief Financial Officer and Company Secretary
M Righini	Regional General Manager, NSW North
P Brodie	Regional General Manager, NSW South (KMP from 1 March 2011)
A Rakich	Regional General Manager, Queensland South (KMP from 1 March 2011)
S Muller	Regional General Manager, Queensland Central (appointed on 8 June 2011)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2011	2010
	\$	\$
Short-term employee benefits	2,249,110	1,522,877
Post-employment benefits	237,010	193,399
Long-term benefits	3,553	5,914
Termination benefits	493,542	138,919
Share-based payments	326,358	200,651
	<u>3,309,573</u>	<u>2,061,760</u>

Note 29. Key management personnel disclosures (continued)

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
2011					
<i>Ordinary shares</i>					
R Critchley	3,841,143	520,445	788,467	-	5,150,055
R Comb	-	2,232,143	-	-	2,232,143
P Young	2,341,826	355,883	450,482	-	3,148,191
S Gillies	26,445	-	-	-	26,445
T Regan	225,214	-	67,565	-	292,779
D O'Brien *	-	-	1,699,126	3,400,874	5,100,000
M Whittaker **	4,459,498	-	-	(4,459,498)	-
D Irvine	101,173	238,520	430,352	-	770,045
M Righini	143,329	451,743	42,999	-	638,071
P Brodie *	-	138,180	117,000	828,732	1,083,912
A Rakich *	-	95,663	-	1,018	96,681
	<u>11,138,628</u>	<u>4,032,577</u>	<u>3,595,991</u>	<u>(228,874)</u>	<u>18,538,322</u>

* Disposals/other - represents shareholding prior to being key management personnel

** Disposals/other - represents no longer being key management personnel, not necessarily physical disposal of shareholding

Shares issued under the deferred employee share plan are subject to further vesting requirements as per the employee share plan.

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
2010					
<i>Ordinary shares</i>					
R Critchley	3,640,609	189,652	10,882	-	3,841,143
P Young	2,217,163	113,117	11,546	-	2,341,826
S Gillies	10,976	-	15,469	-	26,445
T Regan	-	-	225,214	-	225,214
M Whittaker	4,335,401	324,097	-	(200,000)	4,459,498
D Irvine	-	101,173	-	-	101,173
M Righini	143,329	143,329	-	-	286,658
D MacLaughlin *	182,938	-	-	(182,938)	-
P Cassano *	-	8,386	-	(8,386)	-
F Mitchell *	7,836,990	-	-	(7,836,990)	-
	<u>18,367,406</u>	<u>879,754</u>	<u>263,111</u>	<u>(8,228,314)</u>	<u>11,281,957</u>

* Disposals/other - represents no longer being key management personnel, not necessarily physical disposal of shareholding

Note 29. Key management personnel disclosures (continued)

Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
2011					
<i>Options over ordinary shares</i>					
R Comb *	-	2,500,000	-	-	2,500,000
D O'Brien *	-	2,500,000	-	-	2,500,000
D Irvine	600,000	-	-	-	600,000
M Righini	1,000,000	-	-	-	1,000,000
	<u>1,600,000</u>	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>6,600,000</u>

* Options issued as part of the recapitalisation proposal approved by shareholders on 28 February 2011

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
2010					
<i>Options over ordinary shares</i>					
D Irvine	-	600,000	-	-	600,000
M Righini	-	1,000,000	-	-	1,000,000
D MacLaughlin	150,000	-	-	(150,000)	-
P Cassano	-	1,000,000	-	(1,000,000)	-
	<u>150,000</u>	<u>2,600,000</u>	<u>-</u>	<u>(1,150,000)</u>	<u>1,600,000</u>

Related party transactions

Related party transactions are set out in note 33.

Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the company, and its related practices:

	Consolidated 2011 \$	2010 \$
<i>Audit services - PricewaterhouseCoopers</i>		
Audit or review of the financial report	<u>228,000</u>	<u>215,000</u>
<i>Other services - PricewaterhouseCoopers</i>		
Tax compliance services, including review of company tax returns	18,000	18,000
Audit of Queensland BSA licence	5,500	3,000
Audit of ACT workers compensation	-	3,000
Review of FBT systems and processes	<u>6,500</u>	<u>8,000</u>
	<u>30,000</u>	<u>32,000</u>
	<u>258,000</u>	<u>247,000</u>

Note 31. Contingent liabilities

The consolidated entity has the following contingent liabilities:

Bank guarantees of \$6,761,000 (2010: \$7,206,000) to cover retentions and performance of project contracts. The bank holds a specific mortgage, pledged cash and a fixed and floating charge over the assets of the consolidated entity to cover this contingent liability.

Surety bonds of \$13,352,000 (2010: \$16,339,000) to cover retentions and performance contracts. The bonds are secured by deed of indemnity.

No material losses are anticipated in respect of any of the above contingent liabilities. Bank guarantee and surety bond providers have never made a payment against these facilities.

The consolidated entity has received claims in the normal course of business and where relevant the directors have sought the best legal and other expert advice. Where considered appropriate, provisions based on this advice have been included. No material losses are expected in respect of these claims.

Note 32. Commitments for expenditure

	Consolidated	
	2011	2010
	\$'000	\$'000
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	6,076	5,596
One to five years	4,592	7,062
	<u>10,668</u>	<u>12,658</u>
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	757	1,352
One to five years	559	1,242
	<u>1,316</u>	<u>2,594</u>
Total commitment	(114)	(253)
	<u>1,202</u>	<u>2,341</u>
Net commitment recognised as liabilities		
Representing:		
Lease liability - current (note 16)	681	1,194
Lease liability - non-current (note 19)	521	1,147
	<u>1,202</u>	<u>2,341</u>

Note 32. Commitments for expenditure (continued)

Operating lease commitments includes contracted amounts for various warehouses, offices and plant and equipment under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Finance lease commitments includes contracted amounts for various plant and equipment with a written down value of \$1,971,000 (2010: \$2,341,000) under finance leases expiring within one to five years. Under the terms of the leases, the consolidated entity has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 33. Related party transactions

Parent entity

Thomas & Coffey Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 35.

Key management personnel

Disclosures relating to key management personnel are set out in note 29 and the remuneration report in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2011	2010
	\$	\$
Sale of goods and services:		
Value of options granted to D O'Brien (and his related parties) as part of the capital raising	13,500	-
Value of options granted to R Comb (and his related parties) as part of the capital raising	13,500	-
Revenue for repair and refurbishment services provided to Roadworx Surfacing Pty Limited (a director related entity of S Gillies)	23,177	-
Payment for goods and services:		
Payment for corporate advisory services to Baron Partners Limited (a director related entity of P Young)	502,159	10,000
Payment for services in relation to capital raising to Otway Logistics Pty Ltd (a director related entity of R Comb)	120,000	-
Payment for excavation and civil work provided on a number of projects to Roadworx Surfacing Pty Limited (a director related entity of S Gillies)	33,587	870,000
Payment for other expenses:		
Interest on convertible note payable to D O'Brien	19,090	-
Interest on convertible note payable to R Comb	29,316	-

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the reporting date.

Thomas & Coffey Limited
Notes to the financial statements
30 June 2011

Note 33. Related party transactions (continued)

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2011	2010
	\$	\$
Non-current borrowings:		
Convertible notes *	3,208,428	-

* Convertible notes have a nominal value of \$3,950,000 split as follows:

10,750,000 notes to R Comb and his related entities

7,000,000 notes to D O'Brien and his related entities

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	Parent	
	2011	2010
	\$'000	\$'000
Profit/(loss) after income tax	112	(10,403)
Total comprehensive income	112	(10,403)

Statement of financial position

	Parent	
	2011	2010
	\$'000	\$'000
Total current assets	62,218	67,989
Total assets	90,669	99,210
Total current liabilities	54,731	77,395
Total liabilities	67,422	80,432
Equity		
Contributed equity	30,123	25,117
Treasury stock	(1,254)	(900)
Reserves	1,148	1,446
Accumulated losses	(6,770)	(6,885)
Total equity	23,247	18,778

Note 34. Parent entity information (continued)

Contingent liabilities

Bank guarantees of \$6,761,000 (2010: \$7,206,000) to cover retentions and performance of project contracts. The bank holds a specific mortgage, pledged cash and a fixed and floating charge over the assets of the parent entity to cover this contingent liability.

Surety bonds of \$13,352,000 (2010: \$16,339,000) to cover retentions and performance contracts. The bonds are secured by deed of indemnity.

No material losses are anticipated in respect of any of the above contingent liabilities. Bank guarantee and surety bond providers have never made a payment against these facilities.

The parent entity has received claims in the normal course of business and where relevant the Directors have sought the best legal and other expert advice. Where considered appropriate, provisions based on this advice have been included. No material losses are expected in respect of these claims.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2011.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 35. Subsidiaries

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

Name of entity	Country of incorporation	Equity holding	
		2011 %	2010 %
Thomas & Coffey Constructions Pty Limited	Australia	100.00	100.00
Coffey Engineering Services Pty Limited	Australia	100.00	100.00

Note 36. Events occurring after the reporting date

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 37. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	Consolidated	
	2011	2010
	\$'000	\$'000
Profit/(loss) after income tax (expense)/benefit for the year	112	(10,404)
Adjustments for:		
Depreciation and amortisation	3,836	3,995
Net loss/(gain) on disposal of property, plant and	174	(136)
Share-based payments	(135)	(427)
Unwinding of the discount on convertible note	75	-
Interest received	(11)	(48)
Convertible note expenses	328	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	2,867	8,499
Decrease in inventories	1,788	462
(Increase)/decrease in deferred tax assets	117	(4,262)
(Increase)/decrease in prepayments	(526)	66
Decrease in trade and other payables	(9,954)	(4,839)
Increase/(decrease) in provision for income tax	1,131	(1,175)
Decrease in deferred tax liabilities	-	(14)
Increase in employee benefits	481	487
Increase/(decrease) in other provisions	(28)	151
Decrease in other operating liabilities	-	(28)
Net cash from/(used in) operating activities	<u>255</u>	<u>(7,673)</u>

Note 38. Non-cash investing and financing activities

	Consolidated	
	2011	2010
	\$'000	\$'000
Acquisition of plant and equipment by means of finance leases	<u>72</u>	<u>53</u>

Thomas & Coffey Limited
Notes to the financial statements
30 June 2011

Note 39. Earnings per share

	Consolidated	
	2011	2010
	\$'000	\$'000
Profit/(loss) after income tax - Basic	112	(10,404)
Adjustments for calculation of diluted earnings per share:		
Dilutable convertible notes borrowing costs	39	-
	<u>151</u>	<u>(10,404)</u>
Profit/(loss) after income tax - Diluted		
	Number	Number Restated
Weighted average number of ordinary shares used in calculating basic earnings per share	96,578,861	85,286,534
Adjustments for calculation of diluted earnings per share:		
Convertible notes	4,657,534	-
	<u>101,236,395</u>	<u>85,286,534</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share		
	Cents	Cents Restated
Basic earnings per share	0.12	(12.20)
Diluted earnings per share	0.15	(12.20)

The weighted average number of ordinary shares for 2010 has been restated for the effect of the recapitalisation (3 for 10) completed in April 2011, in accordance with AASB 133 'Earnings per share'.

	Number
Weighted average number of ordinary shares used in calculating basic earnings per share (before restatement)	82,719,369
Adjustment required by AASB 133 'Earnings per share'	<u>2,567,165</u>
Weighted average number of ordinary shares used in calculating basic earnings per share (after restatement)	<u>85,286,534</u>

Note 40. Share-based payments

Employee share option plan (ESOP)

The establishment of the employee share option plan was approved by shareholders on 29 August 2002 and more recently re-approved by shareholders on 12 November 2008. Options are granted under the rules of the ESOP to selected senior employees as a long term incentive and retention tool.

Options are granted under the plan for no consideration, exercisable within a prescribed date range at prescribed prices. Generally, the exercise price of options is based on the weighted average price at which the company's shares are traded on the Australian Securities Exchange during the five trading days immediately before the options are granted.

The employees' entitlements to the options are vested as soon as they become exercisable. Participation in the plan ceases within a defined period on termination of employment. The exercise of vested options must occur within a defined time. Any vested options not exercised, on or before the last exercise date, will lapse.

Amounts receivable on the exercise of options are recognised as contributed equity.

To determine the remuneration value of options granted during the year, an appropriate option valuation model has been used.

Where share options vest on issue, they have been valued using a Binomial Approximation model. For share options with service vesting conditions, the Black-Scholes/Merton option valuation model has been used.

Values have been amortised over the period from grant date to vesting date. The amounts shown in the remuneration disclosure for directors and specified executives, contained in the directors report, represents that proportion of the calculated value that relates to 2010/11 financial year.

Thomas & Coffey Limited
Notes to the financial statements
30 June 2011

Note 40. Share-based payments (continued)

Set out below are summaries of options granted under the employee share option plan (ESOP):

2011

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
09/08/03	09/08/10	\$0.3650	80,000	-	-	(80,000)	-
09/08/03	09/08/10	\$0.3800	80,000	-	-	(80,000)	-
15/03/05	01/03/11	\$0.4043	150,000	-	-	(150,000)	-
18/07/05	01/07/12 *	\$0.3534	62,500	-	-	-	62,500
18/07/05	01/07/11	\$0.3534	112,500	-	-	-	112,500
10/10/05	01/10/11	\$0.4836	25,000	-	-	(25,000)	-
22/06/09	30/06/13	\$0.6145	50,000	-	-	(50,000)	-
22/06/09	30/06/14	\$0.6145	50,000	-	-	(50,000)	-
24/07/09	01/07/14 *	\$0.5330	50,000	-	-	-	50,000
01/08/09	31/07/13	\$0.5551	50,000	-	-	(50,000)	-
01/08/09	31/07/14	\$0.5551	50,000	-	-	(50,000)	-
18/01/10	05/11/12 *	\$0.7497	50,000	-	-	-	50,000
03/06/10	18/01/14 *	\$0.5667	200,000	-	-	-	200,000
03/06/10	18/01/15	\$0.5667	200,000	-	-	-	200,000
03/06/10	18/01/16	\$0.5667	200,000	-	-	-	200,000
03/06/10	18/01/17	\$0.5667	200,000	-	-	-	200,000
03/06/10	18/01/18	\$0.5667	200,000	-	-	-	200,000
03/06/10	31/07/12	\$0.5400	100,000	-	-	-	100,000
03/06/10	31/01/13	\$0.5400	100,000	-	-	-	100,000
03/06/10	31/07/14	\$0.5400	100,000	-	-	-	100,000
03/06/10	31/01/14	\$0.5400	100,000	-	-	-	100,000
03/06/10	31/07/15	\$0.5400	100,000	-	-	-	100,000
03/06/10	31/01/15	\$0.5400	100,000	-	-	-	100,000
			<u>2,410,000</u>	<u>-</u>	<u>-</u>	<u>(535,000)</u>	<u>1,875,000</u>

* There were 362,500 options vested and exercisable as at 30 June 2011

Thomas & Coffey Limited
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30 June 2011

Note 40. Share-based payments (continued)

2010

Grant date	Expiry date		Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
09/08/03	09/08/10	*	\$0.3650	80,000	-	-	-	80,000
09/08/03	09/08/10	*	\$0.3800	80,000	-	-	-	80,000
15/03/05	01/03/11	*	\$0.4043	150,000	-	-	-	150,000
18/07/05	01/07/12	*	\$0.3534	62,500	-	-	-	62,500
18/07/05	01/07/11	*	\$0.3534	112,500	-	-	-	112,500
10/10/05	01/10/11	*	\$0.4836	25,000	-	-	-	25,000
07/03/07	07/03/10		\$0.6215	50,000	-	-	(50,000)	-
07/03/07	07/03/11		\$0.6215	50,000	-	-	(50,000)	-
07/03/07	07/03/12		\$0.6215	50,000	-	-	(50,000)	-
22/06/09	30/06/13		\$0.6145	50,000	-	-	-	50,000
22/06/09	30/06/14		\$0.6145	50,000	-	-	-	50,000
22/06/09	31/12/12		\$0.6145	50,000	-	-	(50,000)	-
22/06/09	31/12/13		\$0.6145	50,000	-	-	(50,000)	-
22/06/09	31/12/14		\$0.6145	50,000	-	-	(50,000)	-
22/06/09	31/12/15		\$0.6145	50,000	-	-	(50,000)	-
22/06/09	31/12/16		\$0.6145	50,000	-	-	(50,000)	-
24/07/09	01/07/14		\$0.5330	-	50,000	-	-	50,000
01/08/09	31/07/13		\$0.5551	-	50,000	-	-	50,000
01/08/09	31/07/14		\$0.5551	-	50,000	-	-	50,000
01/09/09	01/09/13		\$0.5808	-	200,000	-	(200,000)	-
01/09/09	01/09/14		\$0.5808	-	200,000	-	(200,000)	-
01/09/09	01/09/15		\$0.5808	-	200,000	-	(200,000)	-
01/09/09	01/09/16		\$0.5808	-	200,000	-	(200,000)	-
01/09/09	01/09/17		\$0.5808	-	200,000	-	(200,000)	-
18/01/10	05/11/12		\$0.5664	-	50,000	-	(50,000)	-
18/01/10	05/11/12		\$0.7497	-	50,000	-	-	50,000
03/06/10	18/01/14		\$0.5667	-	200,000	-	-	200,000
03/06/10	18/01/15		\$0.5667	-	200,000	-	-	200,000
03/06/10	18/01/16		\$0.5667	-	200,000	-	-	200,000
03/06/10	18/01/17		\$0.5667	-	200,000	-	-	200,000
03/06/10	18/01/18		\$0.5667	-	200,000	-	-	200,000
03/06/10	31/07/12		\$0.5400	-	100,000	-	-	100,000
03/06/10	31/01/13		\$0.5400	-	100,000	-	-	100,000
03/06/10	31/07/14		\$0.5400	-	100,000	-	-	100,000
03/06/10	31/01/14		\$0.5400	-	100,000	-	-	100,000
03/06/10	31/07/15		\$0.5400	-	100,000	-	-	100,000
03/06/10	31/01/15		\$0.5400	-	100,000	-	-	100,000
				<u>1,010,000</u>	<u>2,850,000</u>	<u>-</u>	<u>(1,450,000)</u>	<u>2,410,000</u>

* There were 510,000 options vested and exercisable as at 30 June 2010

Note 40. Share-based payments (continued)

Employee share ownership plans

On 29 August 2002, shareholders approved the introduction of two employee plans. These plans are intended to encourage share ownership by employees in general. They have been structured so as to enable participating employees to access available tax concessions legislated by the Federal Government to encourage employee share ownership.

The two plans are:

- the Exempt Employee Plan - enabling participants to acquire either \$600 or \$1,000 worth of shares per annum tax free.
- the Deferred Employee Plan - enabling invited participating employees to defer tax on shares acquired under the plan for up to 10 years, providing certain conditions are met.

All Australian resident permanent employees (including directors) are eligible to participate in the plan.

Each year the Board determines whether an offer is to be made to employees and the specific terms of that offer.

Employees acquire the shares through approved 'salary sacrifice' arrangements, agreeing to forego future income for share benefits.

The price paid for shares by participating employees is the weighted average price at which the company's shares are traded on the Australian Securities Exchange during the five trading days immediately before the shares are acquired. Once acquired, shares rank equally with fully paid ordinary shares of Thomas & Coffey Limited.

The Board may approve a company contribution to employees to further encourage participation. There was no general offer of shares to employees under these plans during 2010/11.

Under the Exempt Employee Plan, employees (including directors) at 30 June 2011 held 1,733,781 shares (2010: 1,970,551 shares).

Under the Deferred Employee Plan, employees (including directors) at 30 June 2011 held 13,146,889 shares (2010: 8,625,884 shares).

Long term incentive schemes

For senior executives other than the previous managing director, the Deferred Employee Share Plan is utilised as the vehicle for the LTI Plan. For the previous managing director, the Employee Loan Share Plan, supplemented by a potential cash sum, was utilised. Under the LTI Plan, shares are issued or acquired equivalent to a maximum level of incentive determined by the Board. These shares, and incentive payment in the case of the previous managing director, vest on the achievement of specified performance and service conditions.

For the 2010/11 LTI Plan, the shares/incentive potentially vest after the announcement of audited results for the 2011/12, 2012/13 and 2013/14 periods. Up to one-third of the maximum number of shares may vest at these times. The actual number of shares that may vest is influenced by the aggregate Diluted Earnings Per Share ('DEPS') growth (after tax) result; one-third at threshold, two-thirds at target and three-thirds at superior performance. For the 2010/11 LTI Plan, the performance targets are threshold - 12.5% per annum aggregate DEPS growth, target - 15% per annum aggregate DEPS growth and superior - 20% per annum aggregate DEPS growth over the relevant periods.

Based on the current number of equities issued, the threshold, target and superior diluted earnings per share for the 2011/2012 year would be approximately 4.76 cents, 4.87 cents and 5.08 cents respectively.

Thomas & Coffey Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



Rex Comb
Managing Director

25 August 2011
Sydney



Independent auditor's report to the members of Thomas & Coffey Limited

Report on the financial report

We have audited the accompanying financial report of Thomas & Coffey Limited (the company), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Thomas & Coffey Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Thomas & Coffey Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 6 to 15 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Thomas & Coffey Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

A stylized, handwritten signature of the PricewaterhouseCoopers firm, written in dark ink.

PricewaterhouseCoopers

A handwritten signature of N R McConnell, written in dark ink.

N R McConnell
Partner

Sydney
25 August 2011

Thomas & Coffey Limited
Shareholder information
30 June 2011

The shareholder information set out below was applicable as at 17 August 2011.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	64
1,001 to 5,000	207
5,001 to 10,000	134
10,001 to 100,000	288
100,001 and over	130
	<hr/>
	823
	<hr/>
Holding less than a marketable parcel	101
	<hr/>

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
		% of total shares issued
	Number held	
CKS ESP MANAGERS PTY LIMITED	15,024,801	13.05
MR JOHN EDWIN CORDUKES + MRS ELIZABETH JULIA MORETON CORDUKES	12,941,348	11.24
N F MITCHELL PTY LIMITED	10,140,000	8.80
MR GEOFFREY FREDERICK O'BRIEN + MRS PATRICE ANNE O'BRIEN	4,500,000	3.91
DEMILHAU INVESTMENTS PTY LIMITED	4,047,647	3.51
MRS PATRICIA JEAN COZENS	3,351,208	2.91
MR ROBERT PRESTON CORDUKES	3,333,456	2.89
PILRIFT PTY LTD	2,814,877	2.44
MR JONATHAN WEST + MRS SUSAN WEST	2,390,729	2.08
NEJEKA PTY LIMITED	2,063,953	1.79
MR ROBERT PRESTON CORDUKES + MS SARA LOUISE LANE	1,940,467	1.68
WHISTON PTY LTD	1,749,147	1.52
SYNERGY HOLDINGS PTY LIMITED	1,432,444	1.24
MR PAUL DEAN RAMSBOTTOM ISHERWOOD + SUZANNE RAMSBOTTOM ISHERWOOD	1,300,000	1.13
MR MARTIN JOHN LEE WHITTAKER	1,217,000	1.06
MR BRUCE MALCOLM ROBERTSON	1,149,835	1.00
K B J INVESTMENTS PTY LTD	1,139,994	0.99
AGRICO PTY LTD	1,081,353	0.94
CLAPSY PTY LTD	1,005,630	0.87
MR DONALD ARTHUR JAMES COZENS	954,720	0.83
	<hr/>	<hr/>
	73,578,609	63.88
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Thomas & Coffey Limited
Shareholder information
30 June 2011

Unquoted equity securities

	Number on issue	Number of holders
<i>Convertible notes</i>		
R COMB AND RELATED PARTIES	7,000,000	2
D O'BRIEN AND RELATED PARTIES	7,000,000	2
OTWAY LOGISTICS PTY LTD (a director related entity of R Combs)	3,750,000	1
OTHER	2,250,000	2
	<u>20,000,000</u>	<u>7</u>

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
CKS ESP MANAGERS PTY LIMITED	15,024,801	13.05
MR JOHN EDWIN CORDUKES + MRS ELIZABETH JULIA MORETON CORDUKES	12,941,348	11.24
N F MITCHELL PTY LIMITED	10,140,000	8.80

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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

There are no other classes of equity securities.

ASX/media release

25 August 2011

Thomas & Coffey FY2011 results

Thomas & Coffey Limited (ASX:THO), the specialised industrial services company, today announced an after-tax profit of \$0.11 million for the year ended 30 June 2011 (FY2010: \$10.40 million loss), in line with guidance. Revenue was \$320.9 million (FY2010: \$330.0 million). No dividend has been declared.

The Maintenance Services operations, which services mining and industrial clients, delivered an EBITDA contribution of \$14.18 million (FY2010: \$8.28 million) as it recovered from the effects of the global financial crisis. Revenues were up by 9% to \$142.9 million and EBITDA margins strengthened to 10%.

The Engineering and Construction operations incurred an EBITDA loss of \$1.89 million (FY2010: \$13.66 million loss). Revenues of \$183.5 million were 12% lower than the prior year, reflecting the impact of the global financial crisis during the first half and the Queensland floods during the second half. Earnings were also affected by losses on a number of legacy projects and costs related to the restructure and closure of unprofitable operations.

With the approval and support of shareholders, the company has undergone significant transformation during the second half of the financial year with the appointment of a new managing director in January 2011, a strengthened executive team and restructuring of the balance sheet. During the second half Thomas & Coffey closed the unprofitable Perth and Darwin offices and the Prefabrication operations.

Mr Rex Comb, managing director, said: 'This result is in line with previous guidance and a significant improvement on the prior year. The improved performance of the Maintenance Services operations was a solid contribution. However, the overall result for the company is unsatisfactory and, going forward, significant improvement is needed.

'The focus is on lowering the risk profile and enhancing business discipline to build a platform for sustainable growth. In addition to strengthening the balance sheet through a capital raising and debt restructure, the company has implemented a more efficient operating structure with an emphasis on its customers.

'The company is also seeking to actively grow its current market position across its mining and industrial customers particularly in the growth regions of the Hunter Valley and the Bowen Basin.

'In the past few months we have won and renewed a number of contracts with key customers, providing a base for the transformation and growth of Thomas & Coffey in the industrial services sector.'

Results summary	FY2011 \$million	FY2010 \$million
Revenue	320.9	333.0
EBITDA (Earnings before interest, tax, depreciation and amortisation)	5.3	(9.9)
Profit before tax	0.3	(14.8)
Profit after tax	0.1	(10.4)
Earnings per share – diluted (cents)	0.1	(12.2)
Dividends for the year (cents per share)	-	-

For further information, please contact:

Rex Comb, Managing Director, Ph: 02 9008 2000

or

David Irvine, Chief Financial Officer, Ph: 02 9008 2030

Thomas & Coffey Limited is a leading supplier of specialised industrial services to the heavy industry, mining, energy, resource, defence, manufacturing and utility sectors. The company provides a comprehensive portfolio of engineering services including asset and facility maintenance, construction and related services. Established in 1926, it now employs more than 1,200 skilled trade, professional and support services people from 17 operations sites at key commercial, industrial and mining centres.