

ASX RELEASE

25 February 2014

ASX Market Announcements
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

**Results for Announcement to the Market –
Watpac Limited 31 December 2013 Appendix 4D Disclosures**

1.	Details of reporting period	Half year ended 31 December 2013
2.	Key Items	
2.1	Revenue from ordinary activities	Down 34.91% to \$614.4 million
2.2	Profit / (loss) from ordinary activities after tax attributable to members	Up 484.01% to \$7,382k
2.3	Profit / (loss) for the period after tax attributable to members	Up 484.01% to \$7,382k
2.4	Interim dividend amount per security	2.5 cents
	Franked amount per security	100%
	Conduit foreign income	N/A
2.5	Record date for determining dividend entitlements	7 March 2014
3.	Income Statement, Statement of Comprehensive Income and notes	Refer attached
4.	Statement of financial position and notes	Refer attached
5.	Statement of cash flows and notes	Refer attached
6.	Statement of changes in equity	Refer attached

WATPAC LIMITED
ABN 98 010 562 562

Level 1, 12 Commercial Road
Newstead QLD 4006

PO Box 2053
Fortitude Valley QLD 4006

Phone 07 3251 6300
Fax 07 3251 6393
Web www.watpac.com.au



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- | | | |
|-----|--|--|
| 7. | Total dividend distribution
Dividend distribution date | \$4,608,313
21 March 2014 |
| 8. | Dividend reinvestment plan | <p>Watpac Limited Dividend Reinvestment Plan will operate for the distribution.</p> <p>The value of shares to be allotted under the Dividend Reinvestment Plan will be the weighted average market price of all Watpac Limited shares sold on ASX on the Record Date for the dividend and the three days immediately following, less a discount of 5%.</p> <p>The last date for receipt of election notices for the dividend reimbursement plan is 7 March 2014.</p> |
| 9. | Net tangible assets per security | \$1.18 per share |
| 10. | Details of entities over which control has been gained or lost | No changes from the 30 June 2013 financial statements |
| 11. | Details of associates and joint ventures | Refer 30 June 2013 financial statements. |
| 12. | Other significant information | Refer attached |
| 13. | Accounting Standards | Australian Accounting Standards & International Financial Reporting Standards |
| 14. | Commentary on results for the period | Refer attached |
| 15. | The financial statements have been reviewed and are not the subject of dispute or qualification. | |

Yours sincerely,
WATPAC LIMITED



Mark Baker
COMPANY SECRETARY

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WATPAC LIMITED
INTERIM FINANCIAL REPORT



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Directors' Report

The Directors present their report, together with the consolidated financial report of Watpac Limited ("Watpac" or "Company") and its controlled entities ("Group") for the half year ended 31 December 2013 and the Auditor's review report thereon.

Directors

The Directors of the Company (the "Board") at any time during or since the end of the half-year are:

Name	Period of directorship
Mr Chris R Freeman (Chair)	Director since 5 May 2011
Mr Richard B McGruther (Deputy Chair)	Director since 17 December 1993
Mr Johan C M C Beerlandt *	Director since 27 May 2013
Mr Bradley Bowton	Director since 28 August 2013
Mr Garret Dixon	Director since 12 February 2014
Mr Robert J Lette	Director since 23 May 1996
Mr David M Little	Director since 14 May 1985
Mr Kevin A Mooney	Director since 5 May 2011
Mr Kevin W Seymour	Retired 24 September 2013

* Mr Carlo Schreurs is an Alternate Director for Mr Beerlandt

Review of operations

The Group recorded a profit after tax of \$7.382M for the half year ended 31 December 2013 (2012: \$1.264M). This represents an annualised post-tax return on equity for the six-month period of 6%. An overview of the financial performance of the Group and its reportable segments, compared to the previous corresponding period, is detailed below:

<i>Continuing Operations</i> <i>In thousands of AUD</i>	Revenue			Pre-Tax Profit / (loss)		
	1HFY14	1HFY13	% Variance	1HFY14	1HFY13	% Variance
Contracting	448,422	617,066	(27.3)%	9,974	18,595	(46.4)%
National Mining & WA Civil	147,651	123,916	19.2%	9,121	8,358	9.1%
Property	10,157	71,913	(85.9)%	(917)	(7,604)	87.9%
Unallocated	0	0	N/A	(8,246)	(10,107)	18.4%
Elimination	3,047	15,211	(80.0)%	293	746	(60.7)%
Group	609,277	828,106	(26.4)%	10,225	9,988	2.4%

Notwithstanding comparatively lower work volumes in the Group's contracting businesses, the increase in profit after tax compared to the previous corresponding period reflects:

- improved financial performance in the National Mining & WA Civil business;

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Directors' Report

- no impairment charges on the Group's property development inventory and land and building assets; and
- a reduction in corporate and operating business unit overhead costs.

Additional information pertaining to the Group's financial performance for the period is included below.

Contracting

The Contracting segment, which includes results from the Group's Construction and Specialty Services businesses, reported a pre-tax profit for the half year of \$9.974M (2012: \$18.595M pre-tax profit). This decrease in profitability is mainly reflective of a reduction in revenue compared to the prior corresponding period, with margins remaining at prevailing market rates and being broadly the same as those derived in the first half of FY13.

Watpac's contracting businesses continue to deliver quality construction services across a number of high profile projects in Queensland, New South Wales, Victoria, South Australia, the Northern Territory and the Australian Capital Territory.

Work in hand at 31 December 2013 was approximately \$1.4B, representing a \$600M net increase on the levels at 30 June 2013. The allocation of work in hand by business unit and revenue for the six months ended 31 December 2013 is summarised in the table below:

<i>In thousands of AUD</i>	1H FY14 revenue	Work in hand at 31 December 2013
Queensland	118,376	857,333
New South Wales	191,097	308,557
Victoria	95,409	174,210
South Australia	26,122	23,527
Specialty Services	17,418	34,554
Total	448,422	1,398,181

Approximately \$1B of new construction contracts were awarded to Watpac's contracting businesses during the first half of FY14, including:

- \$350M Queensland Schools PPP Project, being delivered as part of the Plenary Schools Consortium (QLD)
- \$148M Gold Coast Private Hospital (QLD)
- \$80M STK residential tower in St Kilda (VIC)
- \$74M AE2 residential community in Ermington for Defence Housing Australia (NSW)
- \$72M 333 George Street office building in the Sydney CBD (NSW)
- \$36M redevelopment of the Werribee Sports and Fitness Centre (VIC)
- \$25M expansion of the Australia Post Melbourne Parcel Facility in Ardeer (VIC)

The success in winning such quality projects highlights the Group's strong local networks and 30 years of experience in the construction sector.

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Directors' Report

With substantial further capacity across all regions, Watpac continues to identify and participate in a number of tendering activities. These new opportunities are expected to supplement the current workbook and contribute positively to the full year 2014 financial performance and beyond.

National Mining & WA Civil

The Group's National Mining & WA Civil business reported a pre-tax profit for the half year of \$9.121M (2012: \$8.358M). This increase in profitability is mainly due to higher work volumes on mining services contracts, supplemented by a continuing positive contribution from WA Civil works.

While the outlook for the resources sector is mixed and this presents a risk to future work volumes, the Group's immediate focus is on maximising profits on existing contracts, while working with clients to deliver optimal overall project performance. Watpac now has strong credentials in mining iron ore, gold and mineral sands, and the delivery of complex civil projects, and is therefore well positioned to complete existing work profitably and capitalise on future opportunities as they arise.

Only a moderate level of plant and equipment purchases were made in the first half of the 2014 financial year and, as at 31 December 2013, the total level of investment in plant and equipment assets was \$153M. Additional investment in future periods will be matched to new or extended contracts.

Property

The Property segment recorded a pre-tax loss of \$0.917M for the half year (2012: \$7.604M pre-tax loss). This improved comparative financial performance mainly reflects the pre-tax net impairment charge of \$6.354M recorded in the prior corresponding period, together with a decrease in holding costs on the Group's reduced investment in property assets.

Following the divestment of more than \$120M in property assets in FY13, a further \$10.2M in sales were achieved during the first half of FY14. These included the Joule development site at 11 Breakfast Creek Road in Newstead and two commercial lots at the Coolum Beach Retail development on the Sunshine Coast.

As at 31 December 2013, the carrying value of the Group's remaining property assets totalled \$85.8M. Negotiations are continuing with a number of potential buyers and active marketing campaigns are ongoing for several other property assets.

The Board remains committed to divesting Watpac's property asset portfolio in a timely manner, whilst maximising value. With no property debt, all proceeds from property asset sales will be recycled back into the Group's existing Contracting and National Mining & WA Civil businesses.

Discontinued operations

As previously reported, during the 2013 financial year the Group committed to a plan of closing its civil operations in Queensland and Victoria. All projects associated with the discontinued east coast civil businesses were successfully

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Directors' Report

completed during the first half of FY14, with there being no financial impact on the Group's reported result (2012: \$6.102M pre-tax loss from discontinued operations).

The Board remains confident that no additional costs will be incurred as the remaining contractual obligations associated with these businesses are extinguished.

Capital Management and Liquidity

The Group's cash position remains strong, with \$155.6M in cash and term deposits on hand as at 31 December 2013. The increase from the 30 June 2013 balance of \$137.5M is notwithstanding a reduction in revenue from the prior corresponding period, and is mainly attributable to:

- strong cash management disciplines and profitability of the Group's Contracting and National Mining & WA Civil businesses; and
- net cash proceeds from property settlements completed during the reporting period.

As at 31 December 2013 the Group's gross debt levels totalled \$95.1M. This debt relates solely to equipment financing facilities applicable to the Group's National Mining & WA Civil business, and therefore supports income-producing assets. There are no significant off-balance sheet lease commitments relating to plant and equipment assets as at 31 December 2013.

The continuing improvement in the Group's liquidity and capital allocation is in line with the expectations arising out of the corporate strategic review completed in the 30 June 2013 financial year. The Board and senior executive team remain committed to achieving targeted return on equity metrics, driving operational efficiencies at all levels of the Group, and ensuring Watpac is in the strongest possible financial position.

In previous reporting periods the Directors indicated that the Group would return to paying dividends to shareholders once profits were earned. As a result of the \$7.382M statutory net profit after tax being recorded in the first half of the financial year, and in light of the Group's current strong financial position, the Directors have therefore declared an interim FY14 dividend of 2.5 cents per share. This dividend is expected to be paid on 21 March 2014.

Additional capital will be required as the Group seeks to grow its current businesses in line with market conditions. Undistributed future earnings will assist to enhance capital available to support this growth, however the Board has also determined it appropriate to reinstate the Group's Dividend Reinvestment Plan. The Dividend Reinvestment Plan will support a modest increase in Group capital through the preservation of future earnings that have been allocated for distribution as dividends. It will also allow members to increase their investment in Watpac at a discount to the current share price as the Group continues to seek enhanced financial returns.

In light of the reinstatement of the Dividend Reinvestment Plan, the Directors have agreed that the on market share buy-back program initiated in January 2012 is to be cancelled with immediate effect. The Board will contemplate the initiation of future buy-backs should market conditions deem this appropriate, however any such strategy will only be implemented after considering alternative uses for capital and the overall impact on shareholder value.

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Directors' Report



Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2013.

Rounding

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Consolidated Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Brisbane this 25th day of February 2014.

Signed in accordance with a resolution of the Directors.

C R Freeman
Chair

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Watpac Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Simon Crane
Partner

Brisbane
25 February 2014

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Consolidated Income Statement

For the six months ended 31 December 2013

	Note	2013 \$'000	2012 \$'000
Continuing operations			
Revenue		609,277	828,106
Cost of sales		(569,367)	(776,032)
Gross profit		39,910	52,074
Property asset income		1,348	2,114
Property asset expenses		(742)	(1,252)
Other income / (expenses)		(84)	251
Property development holding costs expensed	7	(916)	(3,214)
Impairment expense	8	-	(6,354)
Operating business unit and corporate administration expenses		(26,166)	(30,458)
Results from operating activities		13,350	13,161
Finance income	9	1,915	2,638
Finance expense	9	(5,040)	(5,811)
Net finance costs		(3,125)	(3,173)
Profit from continuing operations before tax		10,225	9,988
Income tax expense	5	(2,843)	(4,386)
Profit from continuing operations		7,382	5,602
Loss from discontinued operations, net of tax	13	-	(4,338)
Profit from continuing operations		7,382	1,264
Earnings per share			
Basic earnings per share from continuing operations		4.00¢	3.04¢
Basic earnings per share from discontinued operations		-	(2.35)¢
Total		4.00¢	0.69¢
Diluted earnings per share from continuing operations		4.00¢	3.04¢
Diluted earnings per share from discontinued operations		-	(2.35)¢
Total		4.00¢	0.69¢

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Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2013

	2013 \$'000	2012 \$'000
Profit for the period attributable to equity holders of the parent	7,382	1,264
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedge	-	192
Other comprehensive income for the period, net of tax	-	192
Total comprehensive income for the period	7,382	1,456

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Consolidated Balance Sheet

As at 31 December 2013

	31 Dec 13 \$'000	30 Jun 13 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	65,081	88,927
Term deposits	90,470	48,546
Trade and other receivables	137,573	158,267
Inventories - stock on hand	14,060	15,380
Inventories - property development assets	52,298	59,975
Current tax receivable	7,005	7,331
Total current assets	366,487	378,426
Non-current assets		
Inventories - property development assets	33,504	35,447
Property, plant and equipment	165,204	177,615
Intangibles	27,698	27,698
Deferred tax assets	19,723	22,241
Total non-current assets	246,129	263,001
Total assets	612,616	641,427
LIABILITIES		
Current liabilities		
Trade and other payables	245,133	263,433
Interest-bearing loans and borrowings	36,678	34,292
Employee benefits	12,765	13,425
Provisions	1,004	3,302
Total current liabilities	295,580	314,452
Non-current liabilities		
Trade and other payables	7,927	8,128
Interest-bearing loans and borrowings	58,402	76,616
Employee benefits	4,112	3,385
Provisions	739	656
Total non-current liabilities	71,180	88,785
Total liabilities	366,760	403,237
Net assets	245,856	238,190
EQUITY		
Issued capital	235,074	235,074
Reserves	8,952	8,668
Retained earnings	1,830	(5,552)
Total equity	245,856	238,190

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Consolidated Statement of Changes in Equity

For the six months ended 31 December 2013

In thousands of AUD

	31 December 2013					31 December 2012				
	Share capital	Equity benefits reserve	Hedging reserve	Retained earnings	Total	Share capital	Equity benefits reserve	Hedging reserve	Retained earnings	Total
Balance at 1 July	235,074	8,668	-	(5,552)	238,190	235,074	8,382	(192)	(878)	242,386
Total comprehensive income for the period										
Profit or loss	-	-	-	7,382	7,382	-	-	-	1,264	1,264
Other comprehensive income										
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	-	-	-	192	-	192
Total other comprehensive income	-	-	-	-	-	-	-	192	-	192
Total comprehensive income for the period	-	-	-	7,382	7,382	-	-	192	1,264	1,456
Transactions with owners recorded directly in equity										
Contribution by and distribution to owners										
Share settled performance rights awarded	-	284	-	-	284	-	141	-	-	141
Total contributions by and distributions to owners	-	284	-	-	284	-	141	-	-	141
Total transactions with owners	-	284	-	-	284	-	141	-	-	141
Balance at 31 December	235,074	8,952	-	1,830	245,856	235,074	8,523	-	386	243,983

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Consolidated Statement of Cash Flows

For the six months ended 31 December 2013

	2013 \$'000	2012 \$'000
Cash flows from operating activities		
Cash receipts from customers	694,891	1,050,413
Cash paid to suppliers and employees	(645,737)	(937,476)
Cash generated from operations	49,154	112,937
Interest received	1,703	2,247
Interest paid	(4,879)	(7,517)
Income taxes paid	-	(2,459)
Net cash provided by operating activities	45,978	105,208
Cash flows from investing activities		
Investment in term deposits	(41,924)	(9,443)
Acquisition of property, plant and equipment	(8,229)	(19,036)
Proceeds from sale of property, plant and equipment	865	2,238
Net cash used in investing activities	(49,288)	(26,241)
Cash flows from financing activities		
Proceeds from borrowings	-	11,773
Repayment of borrowings	-	(71,114)
Repayment of finance leases	(20,536)	(15,882)
Net cash used in financing activities	(20,536)	(75,223)
Net increase/(decrease) in cash and cash equivalents	(23,846)	3,744
Cash and cash equivalents at 1 July	88,927	90,589
Cash and cash equivalents at 31 December	65,081	94,333

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Condensed notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

1. Reporting entity

Watpac Limited ("Watpac" or "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2013 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2013 is available upon request from the Company's registered office at Level 1, 12 Commercial Road, Newstead, QLD 4006 or at www.watpac.com.au.

2. Basis of preparation

(a) Statement of compliance

These consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001* and with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2013. These consolidated interim financial statements do not include all of the information required for the full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2013.

These consolidated interim financial statements were approved by the Board of Directors on 25 February 2014.

(b) Rounding of amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied in its consolidated financial report as at and for the year ended 30 June 2013.

4. Estimates

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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Condensed notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

4. Estimates (continued)

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2013.

5. Income tax expense

The Group's effective tax rate in respect of continuing operations for the six months ended 31 December 2013 is 28% (for the six months ended 31 December 2012: 23%). This tax rate is consistent with management's estimate of the effective tax rate that will be applicable for the full year to 30 June 2014, as it reflects taxation benefits expected to arise to the Group in the current year as a consequence of participating in the Research and Development ("R&D") tax concession regime. The Group generates additional tax deductions in respect of costs it incurs on projects where significant levels of design and building innovation are delivered.

Income tax expense for the six months ended 31 December 2012 was also adjusted by \$1,722,000 following a re-estimation of the future income tax benefits expected to be utilised by the Group.

6. Operating segments

The Group's operating segments are based on the information that is provided to the Chief Executive Officer, the chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Discrete financial information relating to each of the Group's operating segments is reported to the Board on a regular basis.

Reportable segments are based on aggregated operating segments determined by the similarity of products sold and/or services provided, as these are the sources of the Group's major risks.

The Group has three reportable segments, being:

- *Contracting*: building, refurbishment, project management and construction management.
- *National Mining & WA Civil*: civil and contract mining services (excluding discontinued civil operations).
- *Property*: development of commercial, residential, and industrial properties.

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Condensed notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

6. Operating segments (continued)

Information about reportable segments (continuing operations)

For the six months ended 31 December 2013

	Contracting		National Mining & WA Civil		Property		Unallocated		Elimination		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<i>In thousands of AUD</i>												
External revenues	448,422	617,066	147,651	123,916	10,157	71,913	-	-	3,047	15,211	609,277	828,106
Other material non cash items:												
Property development holding costs expensed	-	-	-	-	(916)	(3,214)	-	-	-	-	(916)	(3,214)
Impairment expense	-	-	-	-	-	(6,354)	-	-	-	-	-	(6,354)
Depreciation	(299)	(333)	(22,992)	(20,211)	-	(6)	(1,052)	(968)	-	-	(24,343)	(21,518)
Finance income	-	1,229	-	-	5	385	1,910	2,253	-	(1,229)	1,915	2,638
Finance expense	-	-	(4,788)	(4,523)	-	(571)	(252)	(1,946)	-	1,229	(5,040)	(5,811)
Reportable segment profit/(loss) before income tax	9,974	18,595	9,121	8,358	(917)	(7,604)	(8,246)	(10,107)	293	746	10,225	9,988
Capital expenditure	180	13	10,567	37,782	-	-	330	829	-	-	11,077	38,624



Condensed notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

7. Write-down of property development inventory

The Group's accounting policy is to capitalise interest and holding costs of property development assets for which no significant passive income is being generated. The Group has adopted an approach of writing off all holding costs and interest on properties not in the development phase, as incurred. This has the effect of only increasing the cost base of projects when underlying value is being created.

The write-off of interest and holding costs is shown as 'Property development holding costs expensed' in the income statement.

8. Impairment expense

	31 Dec 13 \$'000	31 Dec 12 \$'000
Property development impairment	-	5,134
Land and buildings impairment	-	1,220
Impairment expense	-	6,354

9. Finance income and expense

	31 Dec 13 \$'000	31 Dec 12 \$'000
Interest income	1,915	2,638
Finance income	1,915	2,638
Interest expense	(5,040)	(5,811)
Finance expense	(5,040)	(5,811)

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Condensed notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

10. Dividends

	31 Dec 13 \$'000	31 Dec 12 \$'000
Dividends declared and paid by the Group:		
No final 2013 or 2012 dividend was paid	-	-
Dividends proposed and not yet recognised as a liability:		
On 25 February 2014 the Directors recommended a fully franked dividend of 2.5 cents (2012: nil) per share, which is expected to be paid on 21 March 2014.	4,608	-
	4,608	-

11. Related parties

All arrangements with related parties continue to be in place. For details of these arrangements, refer to the 30 June 2013 Annual Financial Report.

12. Capital commitments

	31 Dec 13 \$'000	31 Dec 12 \$'000
Plant and equipment		
Contracted but not provided for and payable		
- within one year	422	13,745

13. Discontinued operations

In the financial year ended 30 June 2013, the Group committed to a plan of closing its civil operations in Queensland and Victoria. As such, revenue and expenses relating to the discontinuation of civil operations in Queensland and Victoria, together with the closure of civil activities in South Australia, were removed from the results of continuing operations in the consolidated financial statements for the year ended 30 June 2013.

Revenue and costs, which were fully provided for in FY13, associated with the finalisation of civil projects in Queensland and Victoria in the six month's ended 31 December 2013 have been presented in the table below. Civil operations in Queensland, Victoria and South Australia were not considered discontinued operations at 31 December 2012, however the comparative consolidated income statement has been restated to show the results of the discontinued operations separately from continuing operations.

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Condensed notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2013

13. Discontinued operations (continued)

In thousands of AUD

	31 Dec 13	31 Dec 12
Revenue	5,103	115,788
Cost of sales	(5,103)	(115,239)
Gross profit	-	549
Other income	-	19
Operating business unit administration expenses	-	(6,617)
Finance costs	-	(53)
Loss from discontinued operations before tax	-	(6,102)
Income tax benefit/(expense)	-	1,764
Loss from discontinued operations, net of tax	-	(4,338)
Basic earnings per share from discontinued operations	-	(2.32)¢
Diluted earnings per share from discontinued operations	-	(2.32)¢

Cash flows from discontinued operations

Net cash provided by operating activities	9,440	1,439
Net cash from / (used in) investing activities	236	(28)
Net cash from / (used in) financing activities	-	(139)
Net cash from discontinued operations	9,676	1,272

14. Subsequent events

Other than the declaration of a dividend (refer note 10), there has not arisen, in the interval between the end of the financial period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect the operations or state of affairs of the Group in future financial periods.



Directors' Declaration

In the opinion of the Directors of Watpac Limited (the "Company"):

1. the consolidated interim financial statements and notes set out on pages 8 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the financial position of the Group as at 31 December 2013 and of its performance for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Brisbane this 25th day of February 2014.

Signed in accordance with a resolution of the Directors.

C R Freeman
Chair

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Independent auditor's review report to the members of Watpac Limited

We have reviewed the accompanying interim financial report of Watpac Limited, which comprises the consolidated balance sheet as at 31 December 2013, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Watpac Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Watpac Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



KPMG



Simon Crane
Partner

Brisbane
25 February 2014

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