

**AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES**

**PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2010**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

<b>Results</b>	<b>Year to 30 June 2010</b>		<b>Year to 30 June 2009</b>
	<b>\$m</b>		<b>\$m</b>
<b>Revenue</b>	<b>144.0</b>	<i>down 20% from</i>	<b>179.3</b>
<b>Net profit for the year</b>	<b>19.26</b>	<i>up 30% from</i>	<b>14.83</b>

**Brief Explanation of Movements in Revenue and Net Profit**

The movements in revenue and net profit after tax for the year ended 30 June 2010 over the previous year are due to a combination of factors including:

- The impact of the global financial crisis on customer purchasing behaviour for mining products in the last six months of the 08/09 financial year, with equipment expenditure plans being reduced or deferred, leading to reduced revenue levels over the first half of the 09/10 year
- An improvement in business conditions in Australia in the first quarter of 09/10, with more substantial improvements in the second quarter and over the second half, balanced by subdued conditions in North America throughout the year
- Improved performance across operations, particularly the Australian business units, due to higher capacity utilisation and larger series of dump truck bodies being manufactured
- Additional revenue and profit contributions from the group's interests in the Middle East and, as of August 2009, revenue and profit contributions from the group's newly-established operations in Chile

**Dividends and Dividend Reinvestment Plans**

	<u>Amount per Security</u>	<u>Franked Amount per Security</u>
Final dividend paid on 9 October 2009 for the financial year ended 30 June 2009	6.5	6.5
Interim dividend paid on 26 March 2010 for the financial year ended 30 June 2010 (up from 1.5c in the previous year)	2.0	2.0
Final dividend declared for the financial year ended 30 June 2010	7.5	7.5
Total dividend for the financial year ended 30 June 2010 (up from 8.0c in the previous year)	9.5	9.5
Record date for determining entitlement to the final dividend	10 September 2010	
Date for payment of final dividend	8 October 2010	
There were no dividend reinvestment plans in operation during the period.		

**Net Tangible Assets per Security**

	<u>Year to 30 June 2010</u>	<u>Year to 30 June 2009</u>
Net tangible asset backing per ordinary security (cents)	65.2	63.2

**Control Gained Over Entities Having a Material Effect**

On 3 August 2009 the company announced it had completed the acquisition of the steel dump truck body business of Conymet Limitada, based in Chile, for the cash consideration of US\$ 19.6m.

**Associates or Joint Ventures**

The company has a 50% interest in the Majan Aluminium Services Company, based in Oman, which was formed for the purpose of servicing the needs of the aluminium smelter and other industries in the Middle East.

**Audit**

The financial data in this report is in the process of being audited, pending completion of the company's statutory financial report and the issue of the accompanying independent auditor's report. The audit process has not identified any material adjustments or misstatements that require the financial data included in this preliminary final report to be corrected.

# AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES

## PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

### COMMENTARY

#### Financial Highlights

	FY2010	FY2009	Change
	\$m	\$m	%
Revenue	144.01	179.32	-20%
EBIT	26.52	21.61	+23%
PBT	26.47	20.87	+27%
NPAT	19.26	14.83	+30%
Basic earnings per share (cents)	28.25	31.39	-10%
Net assets	86.66	51.95	+67%
Final dividend per share (cents)	7.5	6.5	+15%
Total annual dividend per share (cents)	9.5	8.0	+19%

#### Review of Operations

There was a recovery in business conditions across the Australian mining services sector during the financial year, with customer confidence improving and activity levels for the major miners increasing. This translated into renewed demand for mining equipment in the second quarter of the year and resulted in the group's Australian business units receiving new orders for dump truck bodies, buckets and ancillary equipment. Workload levels increased accordingly over the course of the second half of the year, with activity concentrating on a number of orders for the supply of larger series of dump truck bodies, which helped to lift capacity utilisation.

Business conditions in North America were below normal throughout the year with subdued equipment demand from original equipment manufacturers, miners and contractors. The group's joint venture operations in Oman enjoyed a very good level of activity over the first half of the year, with two major projects being undertaken for the supply of aluminium smelter equipment in the region. Following the completion of these projects in January/February 2010, joint venture operations concentrated on an ongoing contract, which will continue for another two years, for the repair of aluminium smelter equipment for a customer based in Oman.

The establishment of operations in Chile in early August 2009 following the acquisition of the steel dump truck body business of Conymet Limitada progressed very well during the year. Activity was largely dedicated to the manufacture of dump truck bodies, with the number of products delivered being ahead of expectations. The business unit (Austin Ingenieros Chile - Austin Engineering Chile) was also successful in expanding its customer base in Chile and Peru and significant progress was also made with expanding its capabilities through the commencement of repair and maintenance operations and the introduction of the group's Westech product lines into the region.

#### Result for the Financial Year

Earnings before interest and tax for the financial year were \$26.5m, up from \$21.6m in the previous financial year, representing a 23% increase. Business units achieved good performance over the year, despite the comparatively lower level of activity in the first half. Productivity gains were achieved, particularly for the Australian business units, with increased capacity utilisation and the benefits of larger series of dump truck body orders helping to lift operating margins. The group's joint venture operations in Oman returned very satisfactory margins on the two major projects completed during the year whilst the new Chile operation achieved operating margins above expectations.

Continuing lower interest costs associated with the US\$19m Westech acquisition bank loan had a favourable impact on profit before tax, which increased by 27% over the year from \$20.9m to \$26.5m. Lower rates of income tax in Oman and Chile assisted relative net profit after tax performance, which increased by 30% from \$14.8m to \$19.3m over the year.

The movement in earnings per share in the year was principally due to the issue of approximately 21.4m shares for the \$31m capital raising program announced on 16 June 2009 and completed in late July 2009 in relation to the group's expansion into South America.

#### Financial Position

Net assets increased by 67% over the year to \$86.7m. The increase reflects the profit contribution over the year as well as a net \$19.8m of new equity from the completion of the capital raising program as part of the group's expansion plans into South America. Net tangible asset backing per share increased to 65.2c from 63.2c last year.

#### Cash Flow and Liquidity

Throughout the year a larger proportion of projects were undertaken on a payment-after-delivery basis which resulted in higher levels of working capital across the group, particularly in the lead-up to the end of the financial year. These increased levels of working capital were accommodated comfortably by the group and operational cash flows remained solid, with \$13.7m being generated in the financial year. Cash receipts from customers and payments to suppliers were made in normal timeframes, reflecting favourable and improved trading conditions across the mining services sector.

Non-operational cash flows largely consisted of business expansion initiatives into South America with the purchase of the steel dump truck body business of Conymet Limitada for US\$ 19.6m (Australian dollar equivalent \$24.7m) in early August 2009. This strategic investment was funded by a \$31m capital raising program, consisting of an institutional placement which raised \$10.2m in June 2009 and \$15.8m in July 2009 and a shareholder share purchase plan which raised \$4.9m in July 2009. In addition, in August 2009 the company repaid \$2.0m of bank debt associated with the purchase of the Austbore workshop in Mackay. The group also continued to invest in capital expenditure programs aimed at improving productivity and capacity. A total of \$5.9m was expended during the year, with the most significant expenditure being \$2.0m on the purchase of land at La Negra in northern Chile to enable the construction of a new, specially-designed workshop to be commenced.

#### Debt

At the end of the financial year, gross debt totalled \$23.3m, of which the principal component was a US\$19m bank loan relating to the purchase of Westech in late 2007. The Australian dollar equivalent value of this loan was \$22.3m and repayment of the loan was extended until February 2012 on an interest-only basis. It continues to attract US interest rates which are currently at very low underlying levels. The company was comfortably in compliance with bank covenants throughout the year and continues to be so.

(Cont'd)

## AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES

### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2010

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET

##### **Debt**

(Cont'd)

The net gearing ratio at the end of the financial year was 2%, down from 23% at June 2009 (excluding \$10.2m of tranche 1 funding from the institutional aspect of the capital raising completed in July 2009). This reduction reflected the strong annual net profit generated in the 09/10 financial year, solid year-end free cash resources of \$21m and further strengthening of the balance sheet following completion of the \$31m capital raising program in July 2009.

##### **Dividends**

The company paid a fully-franked final dividend of 6.5c per share on 9 October 2009 in relation to the financial year ended 30 June 2009. An interim fully-franked dividend of 2.0 cents per share, up from 1.5 cents per share in the previous corresponding period, was also paid on 26 March 2010.

A final dividend of 7.5 cents per share, up 15% from the previous year's final dividend, has been declared for the financial year ended 30 June 2010. This brings the total dividend for the year to 9.5 cents per share, an increase of 19%. The final dividend will be paid on 8 October 2010, with the record date being 10 September 2010. The dividend payout ratio for the year is approximately 35%, which is consistent with the company's dividend payout ratio policy of 25% to 40%.

##### **Outlook**

Business conditions across the mining services sector improved in general over the course of the 09/10 financial year and continue to show signs of further strengthening in most of the key areas in which the Austin group operates. Australian miners are continuing with significant expansion plans in the Pilbara region of Western Australia, the Bowen Basin in Queensland and the Hunter Valley in New South Wales. The group's Western Australian operation in particular enters the new financial year with solid workload levels, whilst in the east coast a number of orders have been received for equipment to be delivered to the Bowen Basin into the new calendar year. A number of projects in the Hunter Valley are being pursued and success in securing these would lead to very good levels of activity for the group's Australian east coast operations.

The North American market for mining equipment is expected to remain subdued in the near-term, with much lower than normal levels of activity expected for the group's Westech operations in Wyoming. However, market conditions in South America remain very strong and the group's Chilean operation enters the new financial year with a solid and growing workload. Construction of the group's new workshop facilities at La Negra, which is close to Antofagasta in northern Chile, is well underway with completion expected around January 2011. These new facilities are expected to contribute to profitability and earnings in the second half of the 10/11 financial year and will also enable the group to introduce its JEC product range into the region.

The joint venture operations in Oman are currently pursuing follow-on opportunities for the two major projects completed in 09/10, however the next major projects are not expected to commence and contribute to earnings until later in the last quarter of the 10/11 financial year. Setup of the joint venture in Brazil is progressing but the supply of dump truck bodies into the country is to be commenced through Austin's Chilean operations due to near-term steel supply shortages in Brazil.

At this early stage it is expected that the Austin group will experience another strong financial year in 10/11, with earnings, as in previous years, likely to be biased towards the second half of the year.

The acquisition of Pilbara Hire Group Pty Ltd in early July 2010 will provide the group with expanded service offerings to key customers in Western Australia. Integration of the Pilbara Hire business into the Austin group's existing operations was completed seamlessly in a short period of time and a number of important business expansion opportunities and synergies are in the process of being implemented. Other business expansion and acquisition opportunities are actively being considered, including establishing a direct presence in the important Hunter Valley region in Australia, additional operations in northern Chile and acquiring another products-related business. Initial set-up work is also currently underway to enable manufacturing operations to be established in Indonesia within the next year, as announced to the market in early July 2010.

**AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES**

**PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 30 JUNE 2010**

	<b>Note</b>	<b>Consolidated Entity</b>	
		<b>Full-Year</b>	
		<b>2010</b>	<b>2009</b>
		\$000	\$000
Revenue	2,3	144,008	179,316
Raw materials and consumables expenses		(50,492)	(75,417)
Employment expenses		(47,008)	(59,671)
Subcontractor expenses		(1,021)	(1,461)
Occupancy and utility expenses		(3,812)	(3,564)
Depreciation and amortisation expense		(2,529)	(2,243)
Other expenses from ordinary activities		(12,144)	(15,161)
Finance costs		<u>(532)</u>	<u>(929)</u>
Profit before income tax		26,470	20,870
Income tax expense		(7,206)	(6,038)
<b>Net profit for the year</b>		<b><u>19,264</u></b>	<b><u>14,832</u></b>
Other comprehensive income:			
Changes in fair value of available-for-sale financial assets		665	(1,206)
Foreign currency translation differences		<u>(113)</u>	<u>31</u>
Other comprehensive income for the year, net of tax		<b><u>552</u></b>	<b><u>(1,175)</u></b>
Total comprehensive income for the year		<b><u>19,816</u></b>	<b><u>13,657</u></b>
Profit for the year is attributable to:			
Owners of Austin Engineering Limited		<b><u>19,264</u></b>	<b><u>14,832</u></b>
Total comprehensive income for the year is attributable to:			
Owners of Austin Engineering Limited		<b><u>19,816</u></b>	<b><u>13,657</u></b>
<b>Earnings per share attributable to owners of Austin Engineering Limited:</b>			
Basic earnings per share (cents per share)	4	28.25	31.39
Diluted earnings per share (cents per share)	4	26.97	29.39

The above Preliminary Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES**

**PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AT 30 JUNE 2010**

	<u>Note</u>	Consolidated Entity	
		<u>30 June 2010</u>	<u>30 June 2009</u>
		\$000	\$000
<b>Current Assets</b>			
Cash and cash equivalents		21,125	25,070
Trade and other receivables		25,385	18,845
Inventories		11,300	9,712
Other		2,203	611
<b>Total Current Assets</b>		<b>60,013</b>	<b>54,238</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		30,244	26,704
Other financial assets		5,542	3,918
Intangible assets		41,498	17,708
Deferred tax assets		2,268	2,777
<b>Total Non-Current Assets</b>		<b>79,552</b>	<b>51,107</b>
<b>Total Assets</b>		<b>139,565</b>	<b>105,345</b>
<b>Current Liabilities</b>			
Trade and other payables		22,822	20,689
Financial liabilities		491	1,025
Current tax liabilities		2,167	1,385
Provisions		3,597	4,112
<b>Total Current Liabilities</b>		<b>29,077</b>	<b>27,211</b>
<b>Non-Current Liabilities</b>			
Financial liabilities		22,769	25,928
Deferred tax liabilities		1,060	259
<b>Total Non-Current Liabilities</b>		<b>23,829</b>	<b>26,187</b>
<b>Total Liabilities</b>		<b>52,906</b>	<b>53,398</b>
<b>Net Assets</b>		<b>86,659</b>	<b>51,947</b>
<b>Equity</b>			
Contributed equity	5	43,684	23,094
Retained earnings		43,286	29,910
Reserves		(311)	(1,057)
<b>Total Equity</b>		<b>86,659</b>	<b>51,947</b>

The above Preliminary Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES**

**PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30 JUNE 2010**

	Contributed Equity \$000	Retained Profits \$000	Options Reserve \$000	Foreign Currency Translation Reserve \$000	Available for Sale Investments Reserve \$000	Total \$000
<b>Consolidated Entity</b>						
Opening balance at 1 July 2008	13,000	18,361	385	(123)	-	31,623
Total comprehensive income for the year:						
Profit for the year	-	14,832	-	-	-	14,832
<i>Other comprehensive income:</i>						
Adjustment to value of available for sale financial assets	-	-	-	-	(1,723)	(1,723)
Deferred tax adjustment	-	-	-	-	517	517
Currency translation differences	-	485	-	(454)	-	31
Total comprehensive income for the year	-	15,317	-	(454)	(1,206)	13,657
Transactions with owners in their capacity as owners:						
Issue of share capital	10,253	-	-	-	-	10,253
Share issue costs	(227)	-	-	-	-	(227)
Deferred tax adjustment	68	-	-	-	-	68
Dividends paid	-	(3,768)	-	-	-	(3,768)
Share-based expense payment	-	-	341	-	-	341
	10,094	(3,768)	341	-	-	6,667
<b>At 30 June 2009</b>	<b>23,094</b>	<b>29,910</b>	<b>726</b>	<b>(577)</b>	<b>(1,206)</b>	<b>51,947</b>
Total comprehensive income for the year:						
Profit for the year	-	19,264	-	-	-	19,264
<i>Other comprehensive income:</i>						
Adjustment to value of available for sale financial assets	-	-	-	-	950	950
Deferred tax adjustment	-	-	-	-	(285)	(285)
Currency translation differences	-	-	-	(113)	-	(113)
Total comprehensive income for the year	-	19,264	-	(113)	665	19,816
Transactions with owners in their capacity as owners:						
Issue of share capital	21,238	-	-	-	-	21,238
Share issue costs	(926)	-	-	-	-	(926)
Deferred tax relating to equity items	278	-	-	-	-	278
Dividends paid	-	(5,888)	-	-	-	(5,888)
Share-based expense payment	-	-	194	-	-	194
	20,590	(5,888)	194	-	-	14,896
<b>At 30 June 2010</b>	<b>43,684</b>	<b>43,286</b>	<b>920</b>	<b>(690)</b>	<b>(541)</b>	<b>86,659</b>

The above Preliminary Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES**

**PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 JUNE 2010**

	<b>Consolidated Entity</b>	
	<b>Full-Year</b>	
	<b>2010</b>	<b>2009</b>
	\$000	\$000
<b>Cash flows from operating activities</b>		
Receipts from customers	139,351	189,943
Payments to suppliers and employees	(120,873)	(162,108)
Interest received	338	202
Dividends received	109	217
Finance costs	(531)	(929)
Income tax paid	(4,684)	(5,760)
<b>Net cash provided by operating activities</b>	<b>13,710</b>	<b>21,565</b>
<b>Cash flows from investing activities</b>		
Purchase of business and company	(24,537)	(219)
Purchase of property, plant and equipment	(5,781)	(5,741)
Receipt of cash from joint venture	776	972
Investments in other financial assets	(109)	(4,347)
<b>Net cash used in investing activities</b>	<b>(29,651)</b>	<b>(9,335)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	20,312	10,026
Proceeds from borrowings	123	2,100
Repayment of borrowings	(2,586)	(667)
Dividend paid	(5,888)	(3,768)
<b>Net cash provided/(used) by financing activities</b>	<b>11,961</b>	<b>7,691</b>
<b>Net increase/(decrease) in cash held</b>	<b>(3,980)</b>	<b>19,921</b>
Cash at the beginning of the period	25,070	5,810
Currency exchange movements	35	(661)
<b>Cash at the end of the period</b>	<b>21,125</b>	<b>25,070</b>

The above Preliminary Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES**

**NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2010**

**Note 1: Basis of preparation of preliminary financial statements**

The preliminary report has been prepared on an accruals basis and is based on historical costs modified, where appropriate, by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The accounting policies applied in this preliminary report are the same as those applied by the company in the financial report as at and for the year ended 30 June 2009. The principal accounting policies have been consistently applied to the periods presented, unless otherwise stated.

**Note 2: Revenue**

	<b>Full-Year 2010</b>	<b>Full-Year 2009</b>
	\$000	\$000
Revenue from operations	143,318	178,514
Interest received	489	202
Dividends received	109	217
Other revenue	92	383
	<u>144,008</u>	<u>179,316</u>

**Note 3: Segment information**

The group has adopted AASB 8 *Operating Segments* from 1 July 2009 whereby segment information is presented using a 'management approach' similar to the information used for internal decision-making purposes by the chief operating decision makers comprising of the executive management team.

This has resulted in reportable segments being classified into strategic areas of operation on a geographical basis, reflecting the global nature of the group's operations, the principal areas in which the group's businesses are physically located and the commercial conditions under which operations are conducted in the respective regions. Management has determined that the strategic operating segments comprise of Australia (for mining equipment and other products), Americas (for mining equipment and other products, comprising of North America and South America) and the Middle East (for aluminium smelter equipment and products). These reporting segments also provide a more balanced view of cross-operational performance across business units, recognising and compensating for inter-regional differences in relation to technical methodologies, production facilities and processes, the cost of key inputs such as labour and steel, the existence of competition and differing customer requirements that may affect product pricing.

Executive management monitors segment performance based on EBIT. This performance measure differs from previous annual financial statements for the financial year ended 30 June 2009 which was based on net profit before and after income tax.

Segment information for the years ended 30 June 2010 and 30 June 2009 is as follows:

	<b>Australia</b>		<b>Americas</b>		<b>Middle East</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total segment revenue	107,404	126,682	38,641	59,686	6,666	2,319	152,711	188,687
Inter-segment revenue	(8,703)	(8,564)	-	(807)	-	-	(8,703)	(9,371)
Revenue from external customers	<u>98,701</u>	<u>118,118</u>	<u>38,641</u>	<u>58,879</u>	<u>6,666</u>	<u>2,319</u>	<u>144,008</u>	<u>179,316</u>
EBIT	<u>17,495</u>	<u>15,116</u>	<u>6,594</u>	<u>6,144</u>	<u>2,423</u>	<u>337</u>	<u>26,512</u>	<u>21,597</u>
Segment assets at 30 June 2010	<u>70,504</u>		<u>67,202</u>		<u>1,859</u>		<u>139,565</u>	
Segment assets at 30 June 2009	<u>66,540</u>		<u>37,723</u>		<u>1,082</u>		<u>105,345</u>	

Corporate expenses are included in the Australian reporting segment for decision-making purposes as this represents the area within which they are mostly incurred. Asset amounts are measured in the same way that they are measured in the financial statements. Segment assets are allocated based on the operations of the segment and the physical location of the assets.

The reconciliation of EBIT to profit before income tax is as follows:

	<b>Full-Year 2010</b>	<b>Full-Year 2009</b>
	\$000	\$000
EBIT	26,512	21,597
Interest revenue	489	202
Finance costs	(531)	(929)
Profit before income tax	<u>26,470</u>	<u>20,870</u>



**AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES**

**NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2010**

**Note 4: Earnings per share**

	<b>Full-Year 2010</b>	<b>Full-Year 2009</b>
	\$000	\$000
Earnings used in basic and diluted earnings per share calculation	19,264	14,832
	No.	No.
Weighted average number of ordinary shares used in calculating basic earnings per share	68,186	47,256
Effect of dilutive securities - options	3,232	3,205
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>71,418</u>	<u>50,461</u>

**Note 5: Contributed equity - ordinary shares**

	<b>Full-Year 2010</b>		<b>Full-Year 2009</b>	
	No.000	\$000	No.000	\$000
Balance at beginning of the year	54,178	23,094	46,991	13,000
Issue of shares on exercise of options	750	450	100	50
Issue of performance-related shares	50	-	50	-
Issue of shares on completion of placement	10,928	15,846	7,037	10,203
Issue of shares on completion of share purchase plan	3,409	4,942	-	-
Cost of share issues	-	(926)	-	(227)
Deferred tax on equity items	-	278	-	68
Balance at end of the year	<u>69,315</u>	<u>43,684</u>	<u>54,178</u>	<u>23,094</u>

Ordinary shares issued in the year to 30 June 2010 comprised of the following:

21 July 2009: 10,927,643 shares at \$1.45 each (\$15.85m) in relation to tranche 2 of the institutional placement approved by shareholders in general meeting on 20 July 2009 and as announced to the market on 16 June 2009

27 July 2009 and 6 August 2009: 3,408,508 shares at \$1.45 each (\$4.94m) in relation to the shareholder share purchase plan announced to the market on 16 June 2009

8 September 2009: 750,000 shares at \$0.60 each (\$0.45m) in relation to the exercise of directors options

26 November 2009: 50,000 shares at nil cost on the grant of performance-related shares to the managing director

**Note 6: Acquisition of business**

On 3 August 2009, the company announced another major international expansion with the acquisition of the Chile-based steel dump truck body business of Conymet Limitada for a cash consideration of US\$ 19.6m. The acquisition of the business was effective from 1 August 2009. The acquisition represents the group's strategic business expansion into key mining South American mining markets. Details of the acquisition cost and the fair value of net assets that were acquired are as follows:

	<b>Recognised on acquisition</b>
	\$000
Property, plant and equipment	1,053
Employee leave entitlements	(395)
Goodwill on acquisition	<u>24,090</u>
Consideration paid (AUD equivalent)	<u>24,748</u>

Goodwill is attributable to the profitability of the acquired business and the significant business development opportunities that are expected to arise after the group's acquisition of the business. The assets arising from the acquisition are recognised at fair value, taking into account the age and condition of the assets acquired and the expected remaining useful life in the production environment in which they are operated.

From the date of acquisition, the acquired business, which operates as Austin Ingenieros Chile Limitada, has contributed \$13,440,000 of revenue and \$3,210,000 of net profit after tax to the group. If the acquisition had occurred on 1 July 2009, the revenue of the group on a pro-forma, pro-rata basis would have been \$145,230,000 and net profit after tax would have been \$19,556,000.

**Note 7: Contingent liabilities and contingent assets**

There are no contingent liabilities or assets that have a material impact on the financial statements at 30 June 2010.

**Note 8: Dividends**

The company has declared a fully-franked final dividend of 7.5c per share payable on 8 October 2010 in relation to the financial year ended 30 June 2010.

**Note 9: Events subsequent to reporting date**

On 2 July 2010, the company announced that it had completed the acquisition of Pilbara Hire Group Pty Ltd based in Western Australia for a cash consideration of \$13m.