Ausdrill Limited
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25 August 2010

AUSDRILL LIMITED

FULL YEAR FINANCIAL REPORT

Ausdrill Limited is pleased to report after tax profit for the year ended 30 June 2010 of $48.3m.

Key financial benchmarks are as follows:

- **Revenue from continuing operations is up 24% from $509.0m to $632.9m**
- **EBITDA is up 21% from $126.2m to $152.3m**
- **Profit before tax is up 12% from $57.7m to $64.7m**
- **Net profit after tax is up 16% from $40.2m to $48.2m**
- **Earnings per share is up from 23.23 cents to 23.71 cents**
- **Final dividend of 6.0 cents per share (fully franked) payable on 29 October 2010, making total dividend of 11 cents**

The financial position of the company remains robust with shareholders equity growing by $195.4m to $501.5m, net tangible assets per share of $1.78, cash holdings of $144.0m and net debt to equity of 19.6%.

AUSTRALIA

The Australian operations have performed strongly. During the year, new work for the drill and blast division has included a 5 year contract with Navigator Resources at Bronzewing and contracts for Gorgon site preparation work and in-pit grade control for OZ Minerals at Prominent Hill.

The exploration drilling business had an excellent year. Whilst there was a noticeable downturn in junior companies requesting quotes for drilling programs, our emphasis on blue chip clients meant that our fleet has been very busy. Significantly, revenue and margins have both improved.

The mining services division provides fully maintained earthmoving equipment to the mining industry. The recent purchase of 17 CAT 793 trucks has taken our fleet to 80 units. This division’s business is focused on the Pilbara. We expect the mining services division to expand with the provision of mining service contracts.

Drilling Tools Australia has experienced continued growth. Sales to external parties were 49.4% of total revenue for the year. The division’s external customer base includes Newmont, Newcrest, Mt Gibson Iron and Xstrata.

The expansion of the Remet Engineers’ manufacturing facilities at Canning Vale is proceeding and, when completed, should place this division in a position to expand sales significantly.

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AFRICA

African Mining Services has developed into a major player in the African contract mining scene.

A significant development has been the 5 year extension of our contract with Red Back Mining Inc at their Chirano Gold Mine, where we have operated since 2004. This year we announced a 5 year extension to this contract.

AMS has signed a MOU with Yatela to extend our mining contract to April 2013. The drill and blast contract with AngloGold at Geita is operating very successfully.

There are significant mining projects in the pipeline in Africa. These present great opportunities for AMS as a major mining contractor in the region.

OUTLOOK

At the moment, the company sees major opportunities for new work both here and in Africa. Major mining projects are projected for a number of countries in Africa. Many Australian and international companies are now involved in exploration and mining in Africa and we expect the activity to increase exponentially, particularly in the gold sector.

Subject to no unexpected events, the Board believes that the Company will see a significantly improved result in the 2011 financial year. The proposed resources tax, if introduced, will undoubtedly have a negative effect on new projects in the resources industry in Australia. Fortunately, with the growth of the mining industry in Africa, Ausdrill is well positioned to minimise the effect of any downturn in Australia.

For further information, please contact:

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Ausdrill Limited

ABN 95 009 211 474

ASX Preliminary final report for the year ended 30 June 2010

Ausdrill Limited ABN 95 009 211 474
ASX Preliminary final report – 30 June 2010

Lodged with the ASX under listing Rule 4.3A

Contents

Results for Announcement to the Market
30 June 2010

				$'000
Revenue from ordinary activities	up	24.3%	to	632,861
Profit after tax and minorities attributable to members	up	16.1%	to	48,255

Dividends / distributions		Amount per security	Franked amount per security
Final dividend	(cents)	6.0	6.0
Interim dividend	(cents)	5.0	5.0
Previous corresponding period			
Final dividend	(cents)	6.0	6.0
Interim dividend	(cents)	5.0	5.0

Payment date of dividends	29 October 2010
Record date for determining entitlements to the final dividend	20 October 2010
Date for receipt of dividend reinvestment plan notices	20 October 2010

Dividend Reinvestment Plans

The company has a dividend reinvestment plan – Ausdrill Ltd Dividend Reinvestment Plan which is available for participation by all shareholders. There will be no discount applied to the weighted average market price of all shares traded during the five business days up to and including the record date for determining the entitlement to this dividend.

Net tangible assets per share

	2010	2009
Net tangible asset backing per ordinary share	**1.78**	1.73

The Annual General Meeting will be held as follows:

Place	Traders Lounge Hyatt Regency 99 Adelaide Terrace Perth WA 6000
Date	24 November 2010
Time	16:00pm
Approximate date the Annual Report will be available	Late September 2010

	Note	Consolidated 2010 $'000	2009 $'000
Revenue from continuing operations	3	**632,861**	508,965
Other income	4	**4,159**	23,505
Materials		**(208,953)**	(196,697)
Labour		**(211,397)**	(161,738)
Rental and hire	5	**(18,876)**	(6,326)
Depreciation and amortisation expense	5	**(69,833)**	(52,415)
Finance costs	5	**(17,725)**	(16,079)
Other expenses from ordinary activities		**(43,551)**	(39,643)
Takeover defence costs		**-**	(1,727)
Merger costs		**(1,255)**	-
Share of net (losses) of associates accounted for using the equity method	9	**(726)**	(203)
Profit before income tax		**64,704**	57,642
Income tax (expense)		**(16,140)**	(17,397)
Profit from continuing operations		**48,564**	40,245
(Loss) from discontinued operation after tax	11	**(387)**	-
Profit for the year		**48,177**	40,245
Other comprehensive income			
(Loss) on revaluation of freehold land and buildings, net of tax	7	**(11)**	(7,117)
Available-for-sale financial assets	7	**13**	(126)
Exchange differences on translation of foreign operations	7	**(7,686)**	8,569
Other comprehensive income for the year net of tax		**(7,684)**	1,326
Total comprehensive income for the year		**40,493**	41,571
Profit attributable to:			
Equity holders of Ausdrill Limited		**48,255**	40,245
Net (loss) attributable to outside equity interest		**(78)**	-
Profit for the year		**48,177**	40,245
Total comprehensive income attributable to:			
Equity holders of Ausdrill Limited		**40,571**	41,571
Net (loss) attributable to outside equity interest		**(78)**	-
Total comprehensive income for the year		**40,493**	41,571
		Cents	Cents
Earnings per share			
Basic earnings per share	13	**23.71**	23.23
Diluted earnings per share	13	**23.53**	23.23

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

	Note	Consolidated 2010 $'000	2009 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**144,387**	44,686
Trade and other receivables		**132,638**	84,314
Inventories		**104,759**	86,097
Total current assets		**381,784**	215,097
Non-current assets			
Receivables		**2,257**	9,667
Investments accounted for using the equity method	9	**15,526**	1,902
Available-for-sale financial assets		**103**	128
Property, plant and equipment		**449,763**	371,112
Deferred tax assets		**174**	209
Intangible assets		**35,873**	3,510
Total non-current assets		**503,696**	386,528
TOTAL ASSETS		**885,480**	601,625
LIABILITIES			
Current liabilities			
Trade and other payables		**115,823**	55,954
Borrowings		**95,591**	70,418
Current tax liabilities		**2,252**	11,658
Provisions		**5,379**	2,911
		219,045	140,941
Liabilities of a disposal group held for sale		**-**	64
Total current liabilities		**219,045**	141,005
Non-current liabilities			
Borrowings		**147,309**	140,662
Deferred tax liabilities		**15,523**	12,689
Provisions		**2,115**	1,139
Total non-current liabilities		**164,947**	154,490
TOTAL LIABILITIES		**383,992**	295,495
NET ASSETS		**501,488**	306,130
EQUITY			
Contributed equity	6	**369,181**	194,152
Reserves	7	**5,000**	12,342
Retained profits	7	**126,967**	99,636
Capital and reserves attributable to owners of Ausdrill Limited		**501,148**	306,130
Non-controlling interest		**340**	-
TOTAL EQUITY		**501,488**	306,130

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

	Attributable to members of Ausdrill Limited					
Consolidated	**Contributed equity $'000**	**Reserves $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance at 1 July 2008	**191,528**	**10,822**	**78,382**	**280,732**	**-**	**280,732**
Total comprehensive income for the year	**-**	**1,326**	**40,245**	**41,571**	**-**	**41,571**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	2,624	-	-	2,624	-	2,624
Dividends paid	-	-	(18,991)	(18,991)	-	(18,991)
Employee share options - value of employee services	-	194	-	194	-	194
Balance at 30 June 2009	**194,152**	**12,342**	**99,636**	**306,130**	**-**	**306,130**

	Attributable to members of Ausdrill Limited					
Consolidated	**Contributed equity $'000**	**Reserves $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance at 1 July 2009	**194,152**	**12,342**	**99,636**	**306,130**	**-**	**306,130**
Total comprehensive income for the year	**-**	**(7,684)**	**48,255**	**40,571**	**(78)**	**40,493**
Transactions with owners in their capacity as owners						
Contributions of equity, net of transactions costs	4,027	-	-	4,027	-	4,027
Shares issued in consideration of acquisition of subsidiary, net of transactions costs	70,466	-	-	70,466	-	70,466
Shares issued pursuant to capital raising, net of transaction costs	100,536	-	-	100,536	-	100,536
Non-controlling interest on acquisition of subsidiary	-	-	-	-	418	418
Dividends paid	-	-	(20,924)	(20,924)	-	(20,924)
Employee share options - value of employee services	-	342	-	342	-	342
Balance at 30 June 2010	**369,181**	**5,000**	**126,967**	**501,148**	**340**	**501,488**

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

	Note	Consolidated 2010 $'000	2009 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**644,383**	528,816
Payments to suppliers and employees (inclusive of goods and services tax)		**(487,367)**	(455,808)
		157,016	73,008
Interest received		**1,898**	3,452
Interest and other costs of finance paid		**(16,952)**	(15,518)
Income taxes paid		**(21,094)**	(13,955)
Management fees received from associates		**2,139**	1,369
Dividend received		**-**	45
Net cash inflow from operating activities		**123,007**	48,401
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		**111**	(86)
Payment for purchase of business, net of cash acquired		**(500)**	-
Payment for purchase of equity investments		**(6,445)**	-
Payments for property, plant and equipment		**(43,349)**	(105,309)
Payments for available-for-sale financial assets		**(103)**	-
Proceeds from sale of property, plant and equipment		**2,665**	22,254
Proceeds from sale of business	11	**15,183**	-
Loans to related parties		**-**	(5,270)
Proceeds from sale of available-for -sale financial assets		**333**	2,219
Cash sold on disposal of subsidiary		**(22)**	
Net cash (outflow) from investing activities		**(32,127)**	(86,192)
Cash flows from financing activities			
Proceeds from issues of shares, net of transaction costs		**99,114**	-
Proceeds from secured borrowings		**3,481**	59,995
Repayment of secured borrowings		**(41,733)**	(26,255)
Repayment of hire purchase and lease liabilities		**(34,953)**	(25,620)
Dividends paid to company's shareholders	8	**(16,869)**	(16,351)
Net cash inflow (outflow) from financing activities		**9,040**	(8,231)
Net increase (decrease) in cash and cash equivalents		**99,920**	(46,022)
Cash and cash equivalents at the beginning of the financial year		**44,686**	88,956
Effects of exchange rate changes on cash and cash equivalents		**(219)**	1,752
Cash and cash equivalents at end of year		**144,387**	44,686

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated preliminary financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2009, except as noted in the changes of accounting policy set out below. The consolidated preliminary financial report includes preliminary financial statements for the consolidated entity consisting of Ausdrill Limited (the "Company") and its subsidiaries (together referred to as the "Group" or "Consolidated Entity" and individually as "Group Entities").

(a) Basis of preparation

The preliminary financial report is a financial report that has been prepared in accordance with the recognition and measurement aspects of Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and Appendix 4E of the Australian Securities Exchange listing rules.

The preliminary financial report should be read in conjunction with the 2009 annual report, the December 2009 half year report and any announcement by Ausdrill Limited or its controlled entities in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year except as noted in 1(b) below.

The Board of Directors approved the preliminary final report on 25 August 2010.

(b) Changes in accounting policy

Ausdrill has amended the following accounting policies as the result of new or revised Accounting Standards which became operative for the annual reporting period commencing on 1 July 2009.

AASB 3 – Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Change in accounting policy

A revised AASB 3 *Business Combinations* became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policy (continued)

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net identifiable assets.

If the group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the group's net profit after tax

The changes were implemented prospectively from 1 July 2009 and affected the accounting for the acquisition of Brandrill Limited disclosed in note 10. No adjustments were necessary to any of the amounts previously recognised in the financial statements.

AASB 8 – Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

Change in accounting policy

The Group has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting.* The new standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. Goodwill is allocated by management to groups of cash generating units on a segment level. The change in reportable segments has not impacted on the allocation of goodwill between segments. There has been no further impact on the measurement of the Company's assets and liabilities. Comparatives for 2009 have been restated.

2 SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the internal reports reviewed by the chief operating decision maker that is used to make strategic decisions. The chief operating decision maker assesses the performance of the operating segments based on revenue and profit before tax.

The operating segments are identified by the chief operating decision maker based on the nature of the services provided. The reportable segments are based on aggregated operating segments determined by the similarity of the services provided and the nature of risks and returns associated with each business segment.

Business segments

The entity is organised into the following divisions by service type:

▪ **Contract Mining Services Australia:**	The provision of mining services including drilling and blasting, in-pit grade control, exploration drilling and earthmoving in Australia.
▪ **Contract Mining Services Africa:**	The provision of mining services including drilling and blasting, in-pit grade control, exploration drilling and earthmoving in Africa.
▪ **Manufacturing:**	The manufacture of drilling rods and consumables, drill rigs and tray bodies.
▪ **Supply and Logistics:**	The provision of mining supplies and logistics services.
▪ **Other:**	Entities which do not meet the aggregation criteria for the current segments.
▪ **Group and unallocated items/ eliminations:**	Represent Group central functions like treasury and corporate overhead costs.

2 SEGMENT INFORMATION (continued)

Financial Reporting by Segments

Full Year ended 30 June 2010	Contract Mining Services Australia $'000	Contract Mining Services Africa $'000	Manufacturing $'000	Supply & Logistics $'000	Other $'000	Group and Unallocated Items/ Eliminations $'000	Consolidated $'000
Segment revenue							
Sales to external customers	362,065	195,062	22,406	30,937	22,333	-	632,803
Intersegment sales	45	-	32,535	10,988	149	(43,717)	-
Total sales revenue	362,110	195,062	54,941	41,925	22,482	(43,717)	632,803
Other revenue	13,802	493	178	251	94	(12,920)	1,898
Total segment revenue	**375,912**	**195,555**	**55,119**	**42,176**	**22,576**	**(56,637)**	**634,701**
Segment result	**53,423**	**18,874**	**2,036**	**(437)**	**(1,401)**	**(8,343)**	**64,152**
Income tax expense							(15,975)
Profit for the year							**48,177**
Segment assets	**712,398**	**254,537**	**75,758**	**18,158**	**49,453**	**(224,824)**	**885,480**
Segment liabilities	**267,027**	**146,101**	**62,821**	**16,621**	**45,101**	**(153,679)**	**383,992**
Other segment information							
Investments in associates	**3,142**	**12,384**	-	-	-	**-**	**15,526**
Share of net (losses) of associates	**(628)**	**(98)**	-	-	-	**-**	**(726)**
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	**57,352**	**29,232**	**14,664**	**259**	**1,386**	**681**	**103,574**
Depreciation and amortisation expense	**38,323**	**27,089**	**2,707**	**138**	**1,941**	**(365)**	**69,833**
Interest Expense	**12,890**	**5,811**	**2,516**	**523**	**2,327**	**(6,342)**	**17,725**

2 SEGMENT INFORMATION (continued)

Financial Reporting by Segments

Full Year ended 30 June 2009	**Contract Mining Services Australia $'000**	**Contract Mining Services Africa $'000**	**Manufacturing $'000**	**Supply & Logistics $'000**	**Other $'000**	**Group and Unallocated Items/ Eliminations $'000**	**Consolidated $'000**
Segment revenue							
Sales to external customers	209,402	221,519	12,890	39,765	21,892	-	505,468
Intersegment sales	-	-	26,257	18,957	147	(45,361)	-
Total sales revenue	209,402	221,519	39,147	58,722	22,039	(45,361)	505,468
Other revenue	11,785	172	100	(40)	116	(8,636)	3,497
Total segment revenue	221,187	221,691	39,247	58,682	22,155	(53,997)	508,965
Segment result	31,697	22,115	6,510	1,926	(2,818)	(1,788)	57,642
Income tax expense							(17,397)
Profit for the year							40,245
Segment assets	405,993	246,833	39,249	18,916	48,068	(157,434)	601,625
Segment liabilities	164,373	146,154	33,468	17,168	42,481	(108,149)	295,495
Other segment information							
Investments in associates	-	1,902	-	-	-	-	1,902
Share of net (losses) of associates	-	(203)	-	-	-	-	(203)
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	65,506	79,235	8,290	56	7,363	(1,568)	158,882
Depreciation and amortisation expense	21,050	27,246	1,607	164	2,280	68	52,415
Interest Expense	8,289	12,021	1,606	1,001	2,139	(8,977)	16,079

	Consolidated	
	2010	2009
	$'000	$'000

3 REVENUE

From continuing operations		
Sales Revenue	**630,963**	505,468
Other revenue		
Dividends	**-**	45
Interest - Related parties	**498**	613
Interest - Others	**1,400**	2,839
	1,898	3,497
	632,861	508,965
From discontinued operations		
Sales Revenue	**1,841**	-

4 OTHER INCOME

Realised foreign exchange gains	**-**	11,883
Unrealised foreign exchange gains	**-**	3,101
Other	**4,159**	3,411
Sale of Inventory	**-**	5,110
	4,159	23,505

5 EXPENSES

Profit before income tax includes the following specific expenses:

Depreciation		
Buildings	**1,192**	1,204
Plant and equipment	**65,533**	50,885
Total depreciation	**66,725**	52,089
Amortisation		
Amortisation of Intangibles	**3,108**	326
Finance costs		
Hire purchase interest	**10,643**	6,348
Interest paid/payable- other	**7,082**	9,731
Finance costs expensed	**17,725**	16,079
Rental expense relating to operating leases		
Minimum lease payments	**18,876**	6,326
Net foreign exchange losses	**2,216**	-
Impairment on acquisition		
Impairment of goodwill	**100**	430

6 CONTRIBUTED EQUITY

	Parent		Parent	
	2010 Shares	2009 Shares	**2010 $'000**	2009 $'000
(a) Share capital				
	261,820,159	174,773,978	**369,181**	194,152

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price $	$'000
01 Jul 2008	Opening balance	172,150,470		191,528
26 Oct 2008	Dividend reinvestment plan issue	1,085,524	$1.40	1,515
08 Apr 2009	Dividend reinvestment plan issue	1,537,984	$0.73	1,125
	Less: Transaction costs arising on share issues			(16)
30 June 2009	Balance	174,773,978		194,152
01 Jul 2009	**Opening balance**	**174,773,978**		**194,152**
06 Nov 2009	**Dividend reinvestment plan issue**	**897,420**	**$1.75**	**1,569**
16 Dec 2009	**Consideration for Brandrill Limited**	**32,787,159**	**$2.13**	**69,837**
18 Dec 2009	**Cancellation of Brandrill options**	**307,035**	**$2.13**	**654**
09 Apr 2010	**Shares issued pursuant to Capital Raising**	**30,960,000**	**$2.00**	**61,920**
30 Apr 2010	**Dividend reinvestment plan issues**	**1,215,759**	**$2.05**	**2,486**
07 May 2010	**Shares issued pursuant to Entitlement Offer**	**13,348,789**	**$2.00**	**26,698**
11 May 2010	**Shortfall Shares - Entitlement Offer**	**7,530,019**	**$2.00**	**15,060**
				372,376
	Less: Transaction costs arising on share issues			**(4,564)**
	Deferred tax credit recognised directly in equity			**1,369**
30 June 2010	**Balance**	**261,820,159**		**369,181**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Dividend reinvestment plan

The company has 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. There will be no discount applied to the weighted average market price of all shares traded during the five business days up to and including the record date for determining the entitlement to this dividend.

(e) Options

Options to take up ordinary shares in the capital of Ausdrill Limited outstanding and granted during the year are detailed as follows:

(i) Ausdrill Limited Employee Option Plan

The number of options granted during the year under the Ausdrill Limited Employee Option Plan was nil (2009 - 6,000,000). Outstanding unlisted options under the Ausdrill Limited Employee Option Plan to acquire fully paid ordinary shares in the company as at the date of this report are 5,200,000 (2009 - 5,400,000).

7 RESERVES AND RETAINED PROFITS

	Consolidated	
	2010	**2009**
	$'000	**$'000**
(a) Reserves		
Land and buildings revaluation reserve	**11,758**	11,769
Available-for-sale investments revaluation reserve	**-**	(13)
Share based payments reserve	**536**	194
Foreign currency translation reserve	**(7,294)**	392
	5,000	12,342

Movements:

	2010 $'000	2009 $'000
Land and buildings revaluation reserve		
Balance 1 July	**11,769**	18,886
Revaluation - gross	**-**	(10,184)
Deferred tax	**-**	3,067
Currency translation differences arising during the year	**(11)**	-
Balance 30 June	**11,758**	11,769
Available-for-sale investments revaluation reserve		
Balance 1 July	**(13)**	113
Revaluation - gross	**205**	(380)
Deferred tax	**(62)**	114
Transfer to net profit - gross	**(187)**	200
Deferred tax	**57**	(60)
Balance 30 June	**-**	(13)
Share-based payments reserve		
Balance 1 July	**194**	-
Option expense	**342**	194
Balance 30 June	**536**	194
Foreign currency translation reserve		
Balance 1 July	**392**	(8,177)
Currency translation differences arising during the year	**(7,686)**	8,569
Balance 30 June	**(7,294)**	392

7 RESERVES AND RETAINED PROFITS (continued)

(b) Retained profits

Movements in retained profits were as follows:

	Consolidated	
	2010	2009
	$'000	$'000
Opening retained earnings	**99,636**	78,382
Net profit for the year	**48,255**	40,245
Dividends	**(20,924)**	(18,991)
Balance 30 June	**126,967**	99,636

(c) Nature and purpose of reserves

(i) Land and buildings revaluation reserve

The land and buildings revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

(ii) Available-for-sale investments revaluation reserve

Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

(iii) Share-based payments reserve

The share based payments reserve is used to recognise the fair value of options issued to employees but not exercised that are expensed in the statement of comprehensive income each year.

(iv) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

8 DIVIDENDS

	Parent entity	
	2010	2009
	$'000	$'000
(a) Ordinary shares		
Final dividend for the year ended 30 June 2009 of 6 cents (2008 - 6 cents) per fully paid share paid on 6 November 2009 (2008 - 24 October 2008)		
Fully franked (2008 - fully franked)	**10,486**	10,329
Interim dividend for the year ended 30 June 2010 of 5 cents (2009 - 5 cents) per fully paid share paid 30 April 2010 (2009 - 8 April 2009)		
Fully franked (2009 - fully franked)	**10,438**	8,662
Total dividends provided for or paid	**20,924**	18,991
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2010 and 2009 were as follows:		
Paid in cash	**16,869**	16,351
Satisfied by issue of shares	**4,055**	2,640
	20,924	18,991
(b) Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have declared the payment of a final dividend of 6 cents per fully paid ordinary share, (2009 - 6 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 29 October 2010, out of retained profits at 30 June 2010, but not recognised as a liability at year end, is	**15,709**	10,486

9 INVESTMENTS IN ASSOCIATES

(a) Carrying amounts

Information relating to associates is set out below.

Name of company	Principal activity	Ownership interest		Consolidated	
		2010 %	2009 %	**2010 $'000**	2009 $'000
Unlisted					
African Underground Mining Services Ghana Ltd	Contract Mining	**50**	50	**12,384**	1,902
African Underground Mining Services Mali SARL	Contract Mining	**50**	-	**-**	-
Energy Drilling Australia Pty Ltd	Contract Mining	**50**	-	**3,142**	-
				15,526	1,902

The above associates are incorporated in Ghana, Mali and Australia.

	Consolidated	
	2010 $'000	2009 $'000
(b) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**1,902**	1,858
Share of (losses) after income tax	**(726)**	(203)
Share of exchange difference on translation	**(36)**	247
Additional investment in associates	**14,386**	-
Carrying amount at the end of the financial year	**15,526**	1,902

(c) Summarised financial information of associates

	Company's share of:			
	Assets $'000	**Liabilities $'000**	**Revenues $'000**	**Profit/(Loss) $'000**
2010				
African Underground Mining Services Ghana Ltd	24,882	11,656	19,973	264
African Underground Mining Services Mali SARL	4,063	4,118	1,553	(362)
Energy Drilling Australia Pty Ltd	5,017	3,470	82	(628)
	33,962	**19,244**	**21,608**	**(726)**
2009				
African Underground Mining Services Ghana Ltd	14,886	13,039	13,090	(203)
	14,886	13,039	13,090	(203)

10 BUSINESS COMBINATIONS

(a) Summary of acquisition

On 16 December 2009 the parent entity acquired 100% of the issued share capital of Brandrill Limited, a mining services company specialising in drilling and blasting with contracts across Australia in both mining and civil projects. The acquisition has significantly increased the Company's market share in this industry which complements the Group's existing businesses and will reduce costs through economies of scale.

Details of the net assets acquired and goodwill are as follows:

	2010 $'000
Purchase consideration	
Fair value of shares issued	**70,370**
Total purchase consideration	**70,370**

The assets and liabilities arising from the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	111
Property plant and equipment	69,906
Intangible assets	12,479
Inventories	14,141
Receivables	21,178
Other current assets	4,066
Deferred tax asset	1,279
Other non-current assets	46
Payables	(19,056)
Employee benefit liabilities, including superannuation	(4,668)
Borrowings	(50,058)
Current tax liability	(1,375)
Net identifiable assets acquired	**48,049**
Less: non-controlling interests	(418)
Goodwill on acquisition	22,739
Net assets acquired	**70,370**

10 BUSINESS COMBINATIONS (continued)

The goodwill is attributable to the workforce and profitability of the acquired business along with the synergies that are expected to arise. None of the goodwill recognised is expected to be deductible for tax purposes.

Equity instruments issued

The Group issued 33,037,595 ordinary shares in Ausdrill Limited in consideration for the acquisition of Brandrill. The fair value of ordinary shares issued has been determined with reference to the price quoted on the Australian Stock Exchange at the date of acquisition.

Acquired receivables

The fair value of acquired trade receivables is $21,178,000. The gross contractual amount for trade receivables due is $21,631,000, of which $453,000 is expected to be uncollectible.

Acquisition related costs

Acquisition related costs of $1,255,000 are included in the statement of comprehensive income.

Non-controlling interests

In accordance with the accounting policy set out in note 1, the Group elected to recognise the non-controlling interests in DT Hi Load Australia Pty Ltd at its proportionate share of the acquired net identifiable assets.

Revenue and profit contribution

If the acquisition had occurred on 1 July 2009, consolidated revenue and consolidated profit for the year ended 30 June 2010 would have been $707,044,000 and $48,678,000 respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2009, together with the consequential tax effects. The subsidiary's costs of the merger have also been excluded.

11 DISCONTINUED OPERATION

(a) Discontinued operation

(i) Description

On 28 February 2010 the Group sold its Strange Drilling business and is reported in this preliminary final report as a discontinued operation. This business, whilst engaged in similar activities, utilises a very different fleet of equipment which was not compatible with our existing operations.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(ii) Financial performance and cash flow information

The financial performance and cash flow information presented are for the two months ended 28 February 2010.

	2010 $'000
Revenue	**1,840**
Expenses	**(2,381)**
(Loss) before income tax	**(541)**
Income tax benefit	**162**
(Loss) after income tax of discontinued operation	**(379)**
(Loss) on sale of the division before income tax	**(11)**
Income tax benefit	**3**
(Loss) on sale of the division after income tax	**(8)**
(Loss) from discontinued operation	**(387)**
Net cash inflow from operating activities	**80**
Net cash inflow from investing activities (includes an inflow of $15,183 from the sale of the division)	**15,183**
Net increase in cash generated by the division	**15,263**

(iii) Details of the sale of the division

Consideration received or receivable:	
Cash	**15,183**
Total disposal consideration	**15,183**
Carrying amount of net assets sold	**15,194**
(Loss) on sale before income tax	**(11)**
Income tax benefit	**3**
(Loss) on sale after income tax	**(8)**

The carrying amounts of assets and liabilities as at the date of sale (28 February 2010) were:

	28 Feb 2010 $'000
Property, plant and equipment	**14,282**
Other current assets	**390**
Inventories	**713**
Total assets	**15,385**
Trade creditors	**(191)**
Total liabilities	**(191)**
Net assets	**15,194**

12 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 25 August 2010, the directors declared the payment of a final ordinary dividend of $15,709,210 (6 cents per fully paid share) to be paid on 29 October 2010 out of retained profits at 30 June 2010. The financial effect of this transaction has not been brought to account at 30 June 2010.

13 EARNINGS PER SHARE

	Consolidated	
	2010	2009
	Cents	Cents
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**23.71**	23.23
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**23.53**	23.23

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	2010	2009
	$'000	$'000
Basic and diluted earnings per share		
Profit / (loss) attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share:		
From continuing operations	**48,642**	40,245
From discontinued operation	**(387)**	-
	48,255	40,245

(d) Weighted average number of shares used as the denominator

	Consolidated	
	2010	2009
	Number	Number
	'000	'000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**203,527**	173,248
Adjustments for calculation of diluted earnings per share:		
Effect of share options on issue	**1,568**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**205,095**	173,248

(i) Options

Options granted to employees under the Ausdrill Limited Employee Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. There have been 1,567,892 options included in the determination of diluted earnings per share.

COMMENTARY ON THE RESULTS FOR THE PERIOD

The commentary on the results for the period is contained in the press release dated 25 August 2010 accompanying this statement.

AUDIT

This report is based on accounts which are in the process of being audited. The accounts on which this report is based are not likely to be subject to dispute or qualification.

…………………………………….. Date: 25 August 2010
D Santini
Company Secretary