Appendix 4E

Preliminary final report

Name of entity

BRANDRILL LIMITED

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Financial year ended ('current period')
46 061 845 529		✓	30 June 2007

For announcement to the market

				$A'000
Revenues from ordinary activities *(item 1.1)*	up	21.1%	to	124,202
Profit after tax attributable to members (*item 1.22*)	down	0.7%	to	8,101
Net profit for the period attributable to members *(item 1.11)*	down	0.7%	to	8,101

Dividends	Amount per security	Franked amount per security
Final dividend	0.0¢	0.0¢
Previous corresponding period	0.0¢	0.0¢
Record date for determining entitlements to the dividend	N/A	

NTA backing	Current period	Previous corresponding period
11.1 Net tangible asset backing per ordinary security	10.4¢ per share	7.7¢ per share

Refer to the attached Consolidated Financial Statements and Report for the year ended 30 June 2007 together with accompanying Press Release for further details.

Sign here: .... Date: 30 August 2007
(Company Secretary)

Print name: Philip Werrett

BRANDRILL LIMITED
ABN 46 061 845 529

FINANCIAL STATEMENTS AND REPORT FOR THE YEAR ENDED 30 JUNE 2007

BRANDRILL
LIMITED

ABN 46 061 845 529

CORPORATE DIRECTORY

Directors

Chairman
Vincent Harold Pendal, *Non Executive Chairman*

Executive Directors
Kenneth Royce Perry, *Managing Director*

Directors
John Robert Nicholls, *Non Executive Director*
Ian James Williams, *Non Executive Director*
Ugo Cario, *Non Executive Director*

Company Secretary
Philip John Luton Werrett

Principal Registered Office
27 Quill Way
HENDERSON WA 6166
Telephone: +618 9494 6500
Facsimile: +618 9494 6501
Email: corpinfo@brandrill.com

Auditor
Ernst & Young
11 Mounts Bay Road
PERTH WA 6000

Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: +618 9315 2333
Facsimile: +618 9315 2233
Email: registrar@securitytransfer.com.au

ASX Code
BDL Fully Paid Ordinary Shares

Web Page
www.brandrill.com

CONTENTS

CHAIRMAN'S STATEMENT

Dear Fellow Shareholders,

The 2006-7 year was the second full year of operation since the re-listing of Brandrill Limited.

During the year we have taken the opportunity to consolidate our position on the east coast of Australia with the acquisition of the P & H MinePro Drilling Services business which added to the geographic and product spread of our core drilling activities. Since balance date, we have announced two significant acquisitions being Strange Drilling and the proposed investment in DT-Hi Load Australia Pty Ltd. The former gives Brandrill a brownfields exploration arm to add to our production profile and the latter a related industry business manufacturing lightweight trays for haul trucks that will create a spread of risk and an opportunity to expand our revenue and profit base.

Whilst our operating profit before tax of $10.1 million was within our announced forecast of $10 to $11 million, the result includes the costs of the executive and employee option schemes as well as completing a substantial upgrade of our existing fleet of drilling rigs and associated equipment, not all of which was capitalised.

We now have a reasonable spread of revenue related to the iron ore, coal, gold, tantalum, nickel and civil work as we seek to find new and more economical ways of meeting our clients' needs.

In the last year, the mining industry has seen unprecedented growth in salary and reward conditions and, although Brandrill has experienced concerted approaches to our senior personnel, we have been able to successfully meet their needs and aspirations of remaining with Brandrill on mutually beneficial terms. These costs pressures are not expected to ease in the near future.

As the Company has now used up the bulk of its tax losses and we continue our growth strategies, subject to the continuation of normal trading conditions, the Board is hopeful of becoming a dividend paying entity in the near future as franking credits become available.

During the year, Mr Suresh Withana retired from the Board. Suresh joined the Board at the time of our restructuring and we thank him for his contributions to the re-birth of Brandrill. We have been joined by two new directors, Mr Ian Williams and Mr Ugo Cario who have already been able to contribute from their wealth of experience. Finally, on behalf of the Board I would like to extend our thanks to all management and staff for their conscientious and diligent work during the year as we continue the task of enhancing the prosperity of Brandrill.

Vince Pendal
Chairman

MANAGING DIRECTOR'S REPORT ON OPERATIONS

SUMMARY

"More of the same – strong improvements in profits and safety"

Brandrill Limited 2006-07 pre-tax profit was $10.1 million, an increase of 64% over the 2005-06 result. The net profit (after a tax provision of $2.0 million) was $8.1 million, similar to the previous year, which included a $1.9 million tax benefit. The $2.0 million tax provision absorbs the last of Brandrill's immediately available tax losses.

Headline Results

	2005-06	2006-07	(%)
Gross revenues ($000)	102,535	124,202	+21%
EBITDA	15,184	20,800	+37%
EBIT	7,975	12,146	+52%
Profit before tax	6,163	10,092	+64%
Income tax (expense) / benefit	1,883	(1,991)	
Net Profit	**8,046**	**8,101**	

Revenues from the key drill and blast business were $123 million, an increase of 22% over the previous year, despite the second half performance which saw revenues fall 10% below the first half due to the impact of cyclonic weather in Western Australia and Queensland, and the delay of some civil projects.

The hard rock and civil drilling fleets remain well utilised but there is significant idle rig capacity in the coal sector awaiting the well publicised planned infrastructure capacity improvements. The award of the drilling contract at the Prominent Hill project was the most significant addition to the order book, bringing the current orders to in excess of $200 million. Outstanding new tenders exceed $400 million excluding discussions on extensions of all existing mining projects.

The RockTek business made a loss of $0.8 million with some months of breakeven performance being achieved late in the period.

High levels of capital expenditure were incurred ($28.4 million) mainly for expansion purposes and this led to a 73% increase in total debt levels. Although the Balance Sheet net debt to equity ratio rose from 32% to 69%, all debt and interest coverage ratios remain strong.

Despite the challenges presented by the difficulty in recruiting experienced staff, a strong focus on training, on safety systems, and most importantly from a committed management approach to safety, Brandrill safety performance improved by 20% for the second consecutive year. There is no clearer sign of a healthy company and a strong committed management team than this performance. All are to be congratulated.

ECONOMIC ENVIRONMENT

"It certainly looks like Stronger for Longer"

At its heart, Brandrill provides drill and blast services to the Australian open cut mining industry. The job of mining involves earth moving and Brandrill is essentially involved in the first phase, breaking the rock. There are two main sectors in terms of earth moving – the iron ore industry predominantly in Western Australia, and the even larger coal industry of Queensland and New South Wales. In terms of volumes, these two dwarf the remainder, important though they are, of gold, nickel, tantalum, copper, chromium, manganese, rare earths and diamonds.

The outlook for the coal and iron industries is being driven by Chinese demand. The consensus of industry experts is that Chinese growth will continue through the next ten to twenty years, with the potential for future Chinese growth to consume as much as the world consumes at present of iron ore and coal. Staggering as this seems, it is really only the consequence of China continuing to grow at the rates of the last 10-15 years. Only domestic political turmoil or external pressure on environmental performance seems capable of dampening growth.

This means the outlook for earth moving is extremely positive, needing drill and blast services to match. This level of growth is independent of commodity prices and exchange rates – it is volume that matters to Brandrill. The growth in these industries also requires mine, rail and port expansions, necessitating the specialist drill and blast services of our civil drilling fleet. Further, industry growth also requires exploration drilling for resource definition and extension. This is expected to provide high levels of demand for our recently acquired Strange Drilling division. Industry growth and mining activity also adds demand for the lightweight trays for haul trucks produced by DT-Hi Load in which Brandrill is currently making a significant investment. In all, this is a positive business environment for Brandrill.

The strong growth outlook places further pressure on our resources of both equipment and of people. There is likely to be continued wage pressure at all levels of the industry. Brandrill maintains a conservative level of debt in terms of coverage ratios and remains capable of reducing debt quickly if necessary because of our strong cash generation.

Brandrill is well placed to continue to benefit from the strong economic environment.

MANAGING DIRECTOR'S REPORT ON OPERATIONS (Cont)

SAFETY

"Another year of improvement but ongoing challenges"

Safety performance is critical to Brandrill and to Brandrill's clients. It is not enough to have first rate safety documents and systems for so often these remain pristine and unused. Safe operations come from effective and capable management that understands the importance of staff returning from work to their family and friends safe and sound, and from management that understands that the same approach that leads to safe operations leads to effective and efficient and profitable operations.

At Brandrill we strive to achieve this approach to safety with our slogan - "At Brandrill, safety doesn't just come first. It's the way we do things around here".

During 2006-07 we were able to achieve a 20% reduction in our Medically Treated Injury Frequency Rate (MTIFR), a rolling 12 month average of MTI's per million man-hours worked. There is no industry standard for MTIFR but this is the second year in succession that we have been able to have this statistic reducing by this amount. We use MTIFR as there are enough statistics to make valid comparisons.

The mining industry standard safety measure is of Lost Time Incidents (LTI) per million man-hours. In Western Australia the industry average is 3.8. During 2006-07, Brandrill suffered 4 LTI's and at year end had an LTIFR of 3.5, above the level of last year. The small numbers make comparisons difficult.

During the year, Brandrill continued our emphasis on staff and management training. Specialist training officers were employed at nine sites plus support from head office at Henderson. We adopted a sophisticated training and OS&H management support system to allow better monitoring of staff and we continue our regular audits of all sites.

OPERATIONS

"Balanced portfolio in projects – size, commodity and geography"

Projects

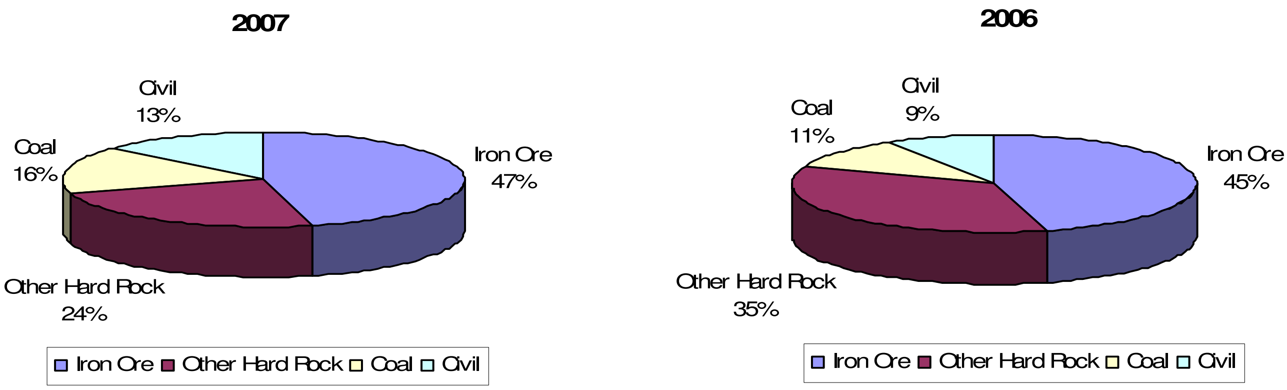
During FY2007, Brandrill worked on a total of 41 separate projects and contracts, with 17 contracts currently being undertaken. At present, Brandrill has contracted some $200 million of work with outstanding tenders of $400 million excluding extensions of existing mining projects. We currently have committed drill and blast work of $107 million for FY2008, prior to the inclusion of the new contracts obtained through the Strange Drilling acquisition.

In October 2006, Brandrill acquired the P&H MinePro Drilling Management Services business which comprised a fleet of 11 large drill rigs and 38 staff. The P&H operations taken over by Brandrill were focussed on the coal operations in the Bowen Basin in Queensland, where we had a previously established presence, and in the Hunter Valley in New South Wales.

Significant achievements during the year included securing the blast hole drilling services contract with Thiess Pty Ltd at Oxiana's world class Prominent Hill copper gold mine in South Australia. This 57 month contract has an approximate value of $60 million and is expected to commence in December 2007.

In addition, Brandrill was also awarded, by BGC Contracting, the contract to provide blast hole drilling services at Portman Iron Ore Limited operations at Koolyanobbing, Windarling and Mt Jackson. This 12 month contract, with an approximate value of $16 million, commences on 1 September 2007 and continues Brandrill's long association at these sites.

The following chart shows the commodity spread of Brandrill's activities during FY2007 compared to FY 2006:



During 2006-07 total Contracting revenues increased by 22% with most of the growth coming from the expansion of activities in coal and in civil projects. Brandrill has predominance in activities associated with Australia's iron ore and coal mining sectors, both slated for strong growth with the developments in iron ore also creating demand for the civil drill and blast fleet.

MANAGING DIRECTOR'S REPORT ON OPERATIONS (Cont)

People

In FY2007, total staff numbers increased from 410 to 457, an increase of 11% over the period, primarily consisting of the 38 staff acquired with the P&H acquisition.

The mining industry continues to operate in a highly competitive wage and salary environment and over the last 12 months there has been further severe pressure on labour costs and remuneration levels in an extremely tight labour market.

Brandrill continues to closely monitor our internal remuneration structures to ensure we remain competitive and are able to attract and retain the best staff possible.

In addition, we continue to focus on our recruitment selection techniques, management operator training, length of service based incentive schemes, and performance based bonus arrangements.

During the year we employed a number of skilled tradesmen from overseas for maintenance roles at our Henderson workshop. This program has had limited success.

Improving the retention of personnel, particularly new employees, remains a key focus of the Company's ongoing operations, however, the stability of our longer serving employees and key management personnel highlights one of the fundamental strengths of the business.

Rigs and Capital Expenditure

During FY2007 we increased the fleet of rigs by 13 rigs to 73. This increase included 11 rigs acquired through the P&H acquisition. We acquired a further 9 rigs, sold 2 rigs which were not compatible with our fleet, and scrapped a further 5 rigs which had reached the end of their economic life.

The total capital expenditure for FY2007 was $28.4 million. We spent $17.7 million acquiring 20 rigs, including 11 P&H rigs, and a further $7.2 million rebuilding the existing rig fleet. The remaining $3.5 million capital expenditure was primarily spent on ancillary equipment including explosive and service trucks, light vehicles, etc.

Maintenance

Effective maintenance programs continue to be the key ingredient to achieve our operating success and 2007 saw a continued focus on improving the levels of reliability and mechanical availability of our fleet.

The efforts of prior years in developing our Henderson workshop, improving the level and depth of maintenance skills, both at Henderson and at site level, and our extensive fleet refurbishment program, have resulted in Brandrill consistently achieving total fleet mechanical availability levels of 90%.

ROCKTEK

"Underlying improvement in performance despite poorer headline result"

RockTek sales in 2006-07 were $1.1 million compared to $1.5 million in the previous year, leading to a loss of $0.8 million (2005-06 $0.5 million). Sales in Australia were particularly disappointing but there was good progress made in sales in the USA and Europe. There was a continued shift in sales from mining to civil and quarrying applications. During the last few months of the year RockTek was able to achieve financial break-even and this performance is expected to improve throughout 2007-08 as the existing strategies gather momentum.

The Board continues to keep this operation under review.

FINANCE

"Strong growth in revenues and profits"

Profit Statement

During 2006-07, Brandrill was able to improve all of its profitability indicators with sales, EBIT and pre-tax profit improving significantly. The EBIT margin on the Contracting business also improved to close to 10% due largely to the higher proportion of civil work and improved mechanical availability in 2006-07. This compares to the 8% margin in 2005-06 and is a good performance in the face of strongly rising costs and difficulties in recruiting and retaining skilled staff.

EBITDA increased 37% to $20.8 million from $15.2 million in 2005-06 and EBIT increased to $12.1 million from $8.0 million, an increase of 52%. Pre-tax profit also grew by 64% to $10.1 million from $6.2 million with all indicators reflecting the ongoing leverage of increasing activities against largely fixed costs.

MANAGING DIRECTOR'S REPORT ON OPERATIONS (Cont)

Balance Sheet

During the year net assets grew by 30% to $36.4 million from $28.0 million, reflecting the net profit contribution. Capital expenditure of $28.4 million was largely funded by equipment related finance (note there are no off balance sheet arrangements) increasing total debt by 73% to $31.0 million from $18.0 million. Net debt to equity at year end was 69%. All debt coverage ratios were well within normal bounds.

Shareholders

The successful placement of 47.8 million shares in July and the completion of the 12.0 million shares Shareholder Purchase Plan in early August 2007 increased total shares on issue to 379.5 million, an increase of 19% above the previous level. The number of shareholders increased to 3,224 an increase of 7.5%.

The proportion of shares held by the Top 20 remained at 65% (2005-06 69%) but liquidity was increased with the sell down of Harmony Capital's 45 million shares during August 2007.

OUTLOOK

"More of the same – not bad really!"

After completion of the Strange and the proposed DT-Hi Load investments, together with the recent capital raisings, balance sheet leverage remains at levels of around 70% net debt to equity. This level is well within normal debt service ratios and, given the strong outlook for growth and capital expenditure, will remain at this level for the following year.

In 2007-08 we should see organic growth in the drill and blast business, and increased utilisation of our coal fleet as infrastructure constraints are lifted. The coal fleet is not expected to achieve greater utilisation until the latter part of the year. Fully utilised we have the capacity to achieve revenues of $150 million per annum. In addition, both the Strange and DT-Hi Load businesses will contribute further to revenues and profits. A positive mining industry environment is expected to see a continuation in strong demand for Brandrill's services.

Ken Perry
Managing Director

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of Brandrill Limited and Subsidiaries **(The Group)** for the financial year ended 30 June 2007 and the Independent Auditor's Report thereon.

Directors

The names and details of Directors in office during and/or since the end of the financial year were:

Mr Vince Pendal (Non–Executive Chairman)

Mr Pendal was appointed as a Director and Chairman on 16 December 2004. He has extensive experience in banking and corporate finance in both the industrial and mining sectors. He is a Director and a major shareholder of Oakvale Capital Limited, which provides independent advice on both corporate finance and treasury management to a range of leading organisations, government authorities and institutions throughout Australia. Mr Pendal is also Chairman of London AIM Listed Norseman Gold plc.

Mr Pendal has also served as a Director and Chairman of Austral Coal Limited (resigned 18 April 2005) and Perilya Limited (retired 18 November 2003). In addition, he holds a number of directorships of private trading companies.

Mr Ken Perry (Managing Director - Executive Director)

Mr Perry joined Brandrill in July 2002 and became a Director on 16 August 2002. Mr Perry has a first class honours degree in chemistry from the University of Western Australia, a Master of Business Administration from Harvard University, and is a Fellow of the Australasian Institute of Mining and Metallurgy.

Mr Perry gained over 15 years experience in senior management roles with the Rio Tinto group before serving as Director General of the Department of Minerals & Energy (WA) between 1994 and 1997. Subsequently he worked with Resource Finance Corporation.

Mr John Nicholls (Non-Executive Director)

Mr Nicholls joined Brandrill as a Non-Executive Director in September 2003 and became Chairman in November 2003. On 16 December 2004 Mr Nicholls stepped down as Chairman and was appointed Alternate Director for Messrs Collins, Middleton-Jones and Withana, all then senior executives of Mizuho International plc. Following the resignation of Mr Collins, Mr Nicholls was appointed as a Director on 31 January 2006 and resigned from his Alternate Director position.

Mr Nicholls has extensive experience on the boards of private and public companies in Asia and Australia. He was previously the Managing Director and Chief Executive Officer of manufacturing companies based in Indonesia, Hong Kong, Taiwan and China. He has had a long association with the mining and metals manufacturing industry.

Mr Nicholls is a Director of Nylex Limited, Metal Storm Limited and was, until 26 October 2006, a Director of Chemeq Limited.

Mr Nicholls is a Director of Harmony Investment Fund Limited, who was a substantial shareholder in the Company, until 23 July 2007.

Mr Ian Williams (Non-Executive Director)

Mr Williams has a long career in the Australian mining industry, holding senior executive positions with Rio Tinto and Pasminco. Mr Williams has a degree in Electrical Engineering and is a Fellow of the Australasian Institute of Mining and Metallurgy and of Engineers Australia.

Mr Williams is an Adjunct Professor of the University of Queensland's Sustainable Minerals Institute. He is presently Chairman of the Port Hedland Port Authority and of the Western Australian Port Authorities Association. He is also Project Director for the Oakjee Port and Rail Infrastructure Project. He was appointed as a Non-Executive Director on 1 August 2006.

Mr Ugo Cario (Non-Executive Director)

Mr Cario brings a wealth of coal industry experience to Brandrill having been involved in the industry since 1975 holding a number of positions with Rio Tinto. Mr Cario is based in New South Wales. He has been Managing Director of Austral Coal, Chairman of the NSW Minerals Council, Director of the NSW Joint Coal Board and a Director of Port Kembla Coal Terminal Limited.

Mr Cario holds a Bachelor of Commerce degree and is a Certified Practicing Accountant (CPA)

He is currently CEO and Director of Rocklands Richfield, a publicly listed Queensland focused coal exploration company. He was appointed as a Non-Executive Director on 21 February 2007.

Mr Suresh Withana (Non-Executive Director)

Mr Withana was appointed as a Director on 16 December 2004. His career has focussed on the areas of investment banking and project financing. He has also been involved in advising on recapitalisation and restructuring transactions for clients across a number of industries including industrials, media and telecommunications.

Mr Withana is a graduate of the University of Sydney with a Bachelor of Laws and Bachelor of Economics. Mr Withana was, until August 2005, Director Global Special Situations, Mizuho International plc, based in London and is now Managing Director of Harmony Investment Fund Limited ("Harmony"). Harmony was, until 23 July 2007, a substantial shareholder in the Company.

Mr Withana resigned as a Director on 21 February 2007.

DIRECTORS' REPORT (cont)

Mr Philip Werrett (Chief Financial Officer and Company Secretary)

Mr Werrett is a Certified Practicing Accountant (CPA) and holds a Bachelor of Business (Accounting). He was appointed Chief Financial Officer and Company Secretary in November 2004. Mr Werrett has previously held senior financial executive and company secretarial roles in publicly listed companies and has extensive experience in the areas of engineering, manufacturing and mining exploration.

Unless indicated otherwise, all Directors held their position as a Director throughout the entire financial year and up to the date of this report.

Operating and Financial Review

The Group generated sales revenue of $124.2m for the year, up 21.1% on the $102.5m achieved in 2006. This level of sales reflects increasing levels of demand and production within the resource and mining industry, in Brandrill's case led by the iron ore and coal sectors.

The Group profit for the full year before income tax was $10.1 million, up 63.8% on the $6.2 million achieved in 2006.

For the year ended 30 June 2007, the Group incurred an income tax expense of $2.0 million, providing a profit after tax of $8.1 million. The income tax expense is offset against the deferred tax asset of $2.0 million. The comparable profit after tax in 2006 was $8.0 million which included an income tax benefit of $1.9 million.

The Group's strong growth in revenue and profitability has been supported by significant levels of capital expenditure of $28.4 million which includes $5.1 million on the acquisition of the P&H MinePro Drilling Management Services business. The remaining capital expenditure was primarily to support the expansion and improvement of our fleet of drill rigs. Brandrill now has a fleet of 73 rigs.

RockTek sales for the year were $1.1 million representing a decrease of 26% on the prior year (2006: $1.5 million). Whilst the strategy of seeking a global network of distributors has been pursued, RockTek has been unable to achieve a satisfactory level of sales during 2007 and as a result incurred a loss of $0.8 million (2006 loss: $0.5 million).

Consolidated Balance Sheet

As at 30 June 2007, Brandrill had consolidated net assets of $36.4 million (2006: $28.0 million).

Board and Corporate

Directors and Audit/Remuneration Committee Meetings

The number of Directors and Audit and Remuneration Committee Meetings held and attended by each of the Directors of the Company between 1 July 2006 and 30 June 2007 is as follows:

Director	Director Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
V H Pendal	10	10	2	2	2	2
K R Perry	10	10	*	*	*	*
J R Nicholls	10	9	2	2	2	2
I J Williams[1]	10	10	*	*	*	*
U Cario[2]	5	5	*	*	*	*
S Withana[3]	5	3	*	*	*	*

A – number of meetings held during the time the Director held office during the year
B – number of meetings attended
* Not a member of the relevant committees

1. Mr Williams was appointed as a Non-Executive Director on 1 August 2006.
2. Mr Cario was appointed as a Non-Executive Director on 21 February 2007.
3. Mr Withana resigned as a Non-Executive Director on 21 February 2007.

DIRECTORS' REPORT (cont)

Audit Committee

Members of the Audit Committee were Non-Executive Directors V H Pendal and J R Nicholls (Chairman of Audit Committee). Representatives of the Company's auditors, Ernst & Young and K R Perry and other members of management attend the Audit Committee meetings by invitation.

Remuneration Committee

Members of the Remuneration Committee were Non-Executive Directors V H Pendal (Chairman of Remuneration Committee) and J R Nicholls.

Principal Activities

The principal activities of the Group during the financial year were the provision of drilling and blasting services under contract to open-cut mines and drilling, blasting and earthmoving services under contract to the civil construction industry, as well as long hole stoping services to the underground mining industry. The Group was also engaged in the commercialisation and supply of its patented PCF® rock breaking technology. There were no significant changes in the nature of the activities of the Group during the period.

Corporate Information

Brandrill Limited is a Company limited by shares and is incorporated and domiciled in Australia.

Operating Profit

The consolidated profit of the Group for the financial year was $8.1 million (2006: $8.0 million) after income tax and outside equity interests.

Dividends

No interim or final dividends were paid or declared for the financial year ended 30 June 2007.

Review of Operations and Significant Changes in the State of Affairs

Specific factors contributing to the result of each business unit are described in the Managing Director's Report.

Significant Events after Year End

Brandrill entered into agreements to acquire the exploration drilling business of Strange Drilling, and to acquire the drilling rig hire business of Strange Investments. These acquisitions include eight RC drill rigs, an operating base in Kalgoorlie and an experienced staff of 25. The total acquisition cost is $26 million with an initial payment of $22 million which was made on 14 August 2007. The balance of $4 million is payable in November 2007.

Brandrill also entered into an agreement to acquire a 70% interest in the haul truck lightweight tray business, DT-Hi Load Australia Pty Ltd for US$3.0 million from the existing Chilean parent company. DT-Hi Load Australia is the Australian subsidiary based in Perth and has a staff of 22.

DT-Hi Load haul truck lightweight trays are of a patented design and have been sold predominantly in South America since 1996. Today, there are over 700 trays in operation world wide on a variety of OEM trucks. Due to their lightweight construction, the trays allow 10-15% more carrying capacity for haul trucks with additional fuel and tyre savings and are increasingly gaining acceptance from the Australian resource sector. DT-Hi Load is expected to turnover $20 million in 2007-08 and contribute $4-5 million in EBITA (on a 100% basis).

The total acquisition costs of these two transactions totals approximately $30 million which has been funded from a placement of 47.8 million shares at $0.25 per share which was completed on 23 July 2007, and from a Shareholder Purchase Plan limited to 12.0 million shares also at $0.25 per share, which closed as fully subscribed on 3 August 2007.

These capital raisings provide a combined $15 million (before costs). The remaining funds have been provided from equipment financing and existing working capital.

Likely Developments and Future Results

Brandrill will concentrate on growing its surface drilling operations within Australia. Growth areas to be focused on are in the iron ore and coal sectors, together with the expansion of the exploration drilling business acquired from Strange Drilling.

RockTek will focus on continuing to achieve distributor arrangements in its targeted markets to increase sales penetration. Markets to be targeted are Australia, North and South America and Europe.

Brandrill will also support the growth of the DT-Hi Load Australia business.

DIRECTORS' REPORT (cont)

Environmental Regulation Performance

The Group operates under contract in various locations within Australia, and previously internationally, and is required to comply with project owners site-specific environmental management plans, for which the owners have overall responsibility. Under the Group's Environment Management System (EMS), a site reporting system was introduced in 1998 to detail site-specific environmental matters at each operation. These reports are used as the basis for monitoring and improving performance.

The main environmental risks to be managed by the Group relate to flora, fauna, heritage, water management, waste management, land management, air quality, noise control and the transport of dangerous goods. No environmental breaches have been notified by any Australian government agency as at the date of this report.

The Group's General Manager Corporate OSH is responsible for the development, implementation and maintenance of the Company's EMS. The EMS is based on the internationally recognised ISO.14000 Environmental Management Standards and provides for regular training and induction, reporting, auditing and inspection. Suppliers and service providers are also required to comply with the Group's EMS.

Previous analysis of the environmental impacts arising from the Group's business activities has determined that the most significant financial exposure relates to site demobilization and clean up costs, specifically when the costs exceed the amount provided for in the contract price.

Directors Interests and Disclosures

At the date of this report the relevant interest of each Director in the ordinary share capital and other equity securities of the Company post consolidation and other related bodies corporate was:

Director	Ordinary Shares (BDL)	Options over Ordinary Shares under Directors & Employees Option Plan
V H Pendal	2,249,250	-
J R Nicholls[1]	650,575	-
I J Williams	80,000	-
U Cario	180,148	-
S Withana[2]	-	-
K R Perry	731,170	10,000,000
TOTAL	**3,891,143**	**10,000,000**

1. At the date of this report, Mr Nicholls is a Director of Harmony Investment Fund Limited ("Harmony"). Harmony was, until 23 July 2007, a substantial shareholder of the Company.
2. Mr Withana is a Director of Harmony Investment Fund Limited ("Harmony"). Harmony was, until 23 July 2007, a substantial shareholder of the Company. Mr Withana resigned as a Director on 21 February 2007.

Share options

As at the date of this report, there were 20,900,000 unissued ordinary shares under options (22,500,000 at reporting date). Refer to Note 15 of the financial statements for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

Terms and Conditions for each grant

30-Jun-07	Vested No.	Granted No.	Grant Date	Fair Value per option at grant date ($)	Exercise price per option ($)	Expiry date	First Exercise Date	Last Exercise Date	Total value of options granted during year	% remuneration consisting of options for year
Directors										
K R Perry	0	5,000,000	23-Nov-05	0.0436	0.10	1-Jul-10	1-Jul-08	1-Jul-10		
K R Perry	0	5,000,000	23-Nov-05	0.0357	0.15	1-Jul-10	1-Jul-08	1-Jul-10	-	-
Executives										
J W Branson	500,0000	500,000	31-Jan-06	0.0410	0.15	31-Dec-10	31-Dec-06	31-Dec-10		
J W Branson	0	500,000	31-Jan-06	0.0520	0.15	31-Dec-10	31-Dec-07	31-Dec-10		
J W Branson	0	500,000	31-Jan-06	0.0610	0.15	31-Dec-10	31-Dec-08	31-Dec-10	-	-
W B Fair	500,0000	500,000	31-Jan-06	0.0410	0.15	31-Dec-10	31-Dec-06	31-Dec-10		
W B Fair	0	500,000	31-Jan-06	0.0520	0.15	31-Dec-10	31-Dec-07	31-Dec-10		
W B Fair	0	500,000	31-Jan-06	0.0610	0.15	31-Dec-10	31-Dec-08	31-Dec-10	-	-

DIRECTORS' REPORT (cont)

30-Jun-07	Vested No.	Granted No.	Grant Date	Fair Value per option at grant date ($)	Exercise price per option ($)	Expiry date	First Exercise Date	Last Exercise Date	Total value of options granted during year	% remuneration consisting of options for year
P Werrett	500,0000	500,000	31-Jan-06	0.0410	0.15	31-Dec-10	31-Dec-06	31-Dec-10		
P Werrett	0	500,000	31-Jan-06	0.0520	0.15	31-Dec-10	31-Dec-07	31-Dec-10		
P Werrett	0	500,000	31-Jan-06	0.0610	0.15	31-Dec-10	31-Dec-08	31-Dec-10	-	-
A Tamlin	400,000	400,000	31-Jan-06	0.0410	0.15	31-Dec-10	31-Dec-06	31-Dec-10		
A Tamlin	0	300,000	31-Jan-06	0.0520	0.15	31-Dec-10	31-Dec-07	31-Dec-10		
A Tamlin	0	300,000	31-Jan-06	0.0610	0.15	31-Dec-10	31-Dec-08	31-Dec-10	-	-
H Branson	400,000	400,000	31-Jan-06	0.0410	0.15	31-Dec-10	31-Dec-06	31-Dec-10		
H Branson	0	300,000	31-Jan-06	0.0520	0.15	31-Dec-10	31-Dec-07	31-Dec-10		
H Branson	0	300,000	31-Jan-06	0.0610	0.15	31-Dec-10	31-Dec-08	31-Dec-10	-	-
M Kostarelas	400,000	400,000	31-Jan-06	0.0410	0.15	31-Dec-10	31-Dec-06	31-Dec-10		
M Kostarelas	0	300,000	31-Jan-06	0.0520	0.15	31-Dec-10	31-Dec-07	31-Dec-10		
M Kostarelas	0	300,000	31-Jan-06	0.0610	0.15	31-Dec-10	31-Dec-08	31-Dec-10	-	-
N Rogers	400,000	400,000	31-Jan-06	0.0410	0.15	31-Dec-10	31-Dec-06	31-Dec-10		
N Rogers	0	300,000	31-Jan-06	0.0520	0.15	31-Dec-10	31-Dec-07	31-Dec-10		
N Rogers	0	300,000	31-Jan-06	0.0610	0.15	31-Dec-10	31-Dec-08	31-Dec-10	-	-

30-Jun-06	Vested No.	Granted No.	Grant Date	Fair Value per option at grant date ($)	Exercise price per option ($)	Expiry date	First Exercise Date	Last Exercise Date	Total value of options granted during year	% remuneration consisting of options for year
Directors										
K R Perry	0	5,000,000	23-Nov-05	0.0436	0.10	1-Jul-10	1-Jul-08	1-Jul-10		
K R Perry	0	5,000,000	23-Nov-05	0.0357	0.15	1-Jul-10	1-Jul-08	1-Jul-10	396,500	29%
Executives										
J W Branson	0	500,000	31-Jan-06	0.0410	0.15	31-Dec-10	31-Dec-06	31-Dec-10		
J W Branson	0	500,000	31-Jan-06	0.0520	0.15	31-Dec-10	31-Dec-07	31-Dec-10		
J W Branson	0	500,000	31-Jan-06	0.0610	0.15	31-Dec-10	31-Dec-08	31-Dec-10	77,000	5%
W B Fair	0	500,000	31-Jan-06	0.0410	0.15	31-Dec-10	31-Dec-06	31-Dec-10		
W B Fair	0	500,000	31-Jan-06	0.0520	0.15	31-Dec-10	31-Dec-07	31-Dec-10		
W B Fair	0	500,000	31-Jan-06	0.0610	0.15	31-Dec-10	31-Dec-08	31-Dec-10	77,000	7%
P Werrett	0	500,000	31-Jan-06	0.0410	0.15	31-Dec-10	31-Dec-06	31-Dec-10		
P Werrett	0	500,000	31-Jan-06	0.0520	0.15	31-Dec-10	31-Dec-07	31-Dec-10		
P Werrett	0	500,000	31-Jan-06	0.0610	0.15	31-Dec-10	31-Dec-08	31-Dec-10	77,000	10%
A Tamlin	0	400,000	31-Jan-06	0.0410	0.15	31-Dec-10	31-Dec-06	31-Dec-10		
A Tamlin	0	300,000	31-Jan-06	0.0520	0.15	31-Dec-10	31-Dec-07	31-Dec-10		
A Tamlin	0	300,000	31-Jan-06	0.0610	0.15	31-Dec-10	31-Dec-08	31-Dec-10	50,300	6%
H Branson	0	400,000	31-Jan-06	0.0410	0.15	31-Dec-10	31-Dec-06	31-Dec-10		
H Branson	0	300,000	31-Jan-06	0.0520	0.15	31-Dec-10	31-Dec-07	31-Dec-10		
H Branson	0	300,000	31-Jan-06	0.0610	0.15	31-Dec-10	31-Dec-08	31-Dec-10	50,300	6%
M Kostarelas	0	400,000	31-Jan-06	0.0410	0.15	31-Dec-10	31-Dec-06	31-Dec-10		
M Kostarelas	0	300,000	31-Jan-06	0.0520	0.15	31-Dec-10	31-Dec-07	31-Dec-10		
M Kostarelas	0	300,000	31-Jan-06	0.0610	0.15	31-Dec-10	31-Dec-08	31-Dec-10	50,300	6%
N Rogers	0	400,000	31-Jan-06	0.0410	0.15	31-Dec-10	31-Dec-06	31-Dec-10		
N Rogers	0	300,000	31-Jan-06	0.0520	0.15	31-Dec-10	31-Dec-07	31-Dec-10		
N Rogers	0	300,000	31-Jan-06	0.0610	0.15	31-Dec-10	31-Dec-08	31-Dec-10	50,300	8%

Shares issued as a result of the exercise of options

During the financial year, employees and directors did not exercise any options to acquire ordinary shares in Brandrill Limited. Since the end of the financial year three executives have exercised a total of 1,100,000 options at an average price of 15 cents. A further 500,000 options have lapsed since the end of the financial year.

DIRECTORS' REPORT (cont)

Indemnification of Directors and Officers

During or since the end of the financial year the Company renewed the Directors' and Officers' Liability Insurance Policy. The policy insures all Directors and Officers of the Company and its related bodies corporate against certain liabilities incurred by them as Directors and Officers of the Company and its related bodies corporate except where:

(a) the liability arises out of conduct involving a wilful breach of duty; or
(b) there has been a contravention of sections 182 or 183 of the Corporations Act 2001.

The total amount of insurance premiums paid was $34,026 (2006: $41,116).

Remuneration Report (audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the company and the group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 *Related Party Disclosures,* which have been transferred to the Remuneration Report in accordance with Corporations Regulation 2M.6.04. For the purposes of this report Key Management Personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the company and the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the eight executives in the parent and the group receiving the highest remunerations.

For the purposes of this report, the term "executive" encompasses the Managing Director, senior executives, general managers and secretaries of the parent and the group.

(i) Details of Key Management Personnel

Directors

Name	Position
V H Pendal	Chairman (non-executive)
K R Perry	Managing Director
J R Nicholls	Director (non-executive)
I J Williams[1]	Director (non-executive)
U Cario[2]	Director (non-executive)
S Withana[3]	Director (non-executive)

1. Mr Williams was appointed as a Non-Executive Director on 1 August 2006.
2. Mr Cario was appointed as a Non-Executive Director on 21 February 2007.
3. Mr Withana resigned as a Non-Executive Director on 21 February 2007.

Executives

		Where not in office for entire current or prior period	
Name	**Position**	**Date of Appointment**	**Date of Resignation**
J Branson	General Manager Business Development	-	-
W Fair	General Manager Operations	-	-
P Werrett	Chief Financial Officer & Company Secretary	-	-
N Rogers	General Manager Corporate OSH	-	-
A Tamlin	Manager Surface Operations	-	-
M Kostarelas	Manager Surface Operations	-	-
H Branson	Operations Manager Queensland	-	-
A Hickey	General Manager RockTek	-	-

(ii) Compensation Policy

It is the Company's objective to attract and retain high quality directors and executive officers. One aspect of achieving this is by remunerating directors and executive officers in a manner consistent with employment market conditions. To assist in achieving this objective, the Company may link the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance.

Where appropriate the Board obtains independent advice on remuneration packages.

(A) Remuneration Committee

The Remuneration Committee (the "Committee") of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, the Company Secretary and all other key management personnel.

DIRECTORS' REPORT (cont)

The Committee assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

As part of this function, the Committee can review and make recommendations to the Board on executive remuneration and incentive policy, executive incentive plans, equity-based incentive plans, remuneration of Non-Executive Directors, and recruitment, retention, performance measurement and termination policies and procedures for directors, the Managing Director, the Company Secretary and all senior executives.

(B) Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and executive compensation is separate and distinct.

Non-Executive Director Compensation

Objective
The Committee seeks to attract and retain Non-Executive Directors of a high calibre, and sets Non-Executive Director remuneration at competitive market levels.

Structure
In setting the level of Non-Executive Director remuneration the Committee considers advice from external consultants and undertakes its own benchmarking with comparable companies.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 23 November 2005 when shareholders approved an aggregate remuneration of $300,000 per year.

Each director receives a fee for being a director of the Company, with additional fees considered in recognition of specific duties carried out by each director. Fees paid to Non-Executive Directors are reviewed annually.

Executive Compensation

Objective
The Committee aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company, business unit and individual performance against targets set to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure total compensation is competitive by market standards.

Structure
Remuneration packaging contains the following key elements:

- Primary benefits – fixed components of salary, fees and non-monetary benefits such as motor vehicle costs, and cash incentives.
- Post-employment benefits – including superannuation and prescribed benefits.
- Equity-based benefits – includes share options.

(a) Primary Benefits – Fixed Compensation

Objective
The level of fixed primary benefits is reviewed annually by the Committee. The process consists of a review of company-wide, business unit and individual performance, relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. As noted above, the Committee has access to external advice independent of management.

Structure
Executives and senior managers are given the opportunity to receive part of their primary fixed remuneration in a variety of forms other than cash, such as motor vehicle fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating an unreasonable cost or administrative burden for the Group.

DIRECTORS' REPORT (cont)

(b) Primary Benefits – Short Term Incentive

The Company has a formal cash bonus plan in place. The objective of Brandrill's bonus plan is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential bonus available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances. Only the Managing Director and senior management are eligible to receive bonuses under the plan.

Actual bonus payments granted to each senior manager depend on the extent to which operating targets are met and final determination is at the discretion of the Remuneration Committee. The operational targets, as determined by the Board, cover both financial and non-financial measures of performance.

(c) Post-employment Benefits

Objective
Post-employment benefits include superannuation and any benefits receivable by executives should their employment be terminated by the Company.

Structure
Executives receive statutory superannuation as a minimum, and all executives are given the opportunity to sacrifice additional amounts of their remuneration into superannuation contributions.

It is Brandrill's policy that termination benefits are only offered to executives employed under contract, unless under a formal redundancy programme.

(d) Equity-based Benefits

Objective
The objective of the consolidated entity's share option plan is to reward senior executives in a manner that aligns this element of remuneration with the creation of shareholder wealth.

Structure
All share options issued include loyalty-vesting periods and vested options can only be exercised if the Director or executive is still in the employment of the consolidated entity at the time of exercise, or if the options are exercised within 1 month of ceasing such employment, or within 3 months of retirement, retrenchment, death or bankruptcy.

The Option Plans are considered an appropriate method to:

- reward consultants and employees for their past performance;
- provide long term incentives for participation in the Company's future growth;
- motivate and generate loyalty from senior employees and consultants; and
- assist to retain the services of valuable employees and consultants.

(e) Managing Director and Senior Executive Option Plans

At the Annual General Meeting held on 23 November 2005, shareholder approval was obtained for the establishment of the:

1) Managing Director Option Plan; and the
2) Brandrill Senior Executive Option Plan

Under the Managing Director Option Plan, shareholders approved the granting of 10,000,000 options to the Managing Director, Mr Ken Perry. The options were issued free of charge on 31 January 2006. Of the 10,000,000 options, 5,000,000 options have an exercise price of 10 cents and 5,000,000 options have an exercise price of 15 cents. The options vest on 1 July 2008 and will expire on 1 July 2010.

In addition, shareholders also approved the establishment of the Brandrill Senior Executive Option Plan to provide for the granting, from time to time, of options to senior executives of the Company.

On 31 January 2006 and 30 March 2006 a total of 12,500,000 options exercisable at 15 cents were issued free of charge under this Plan. The options vest in three tranches on 31 December 2006, 31 December 2007 and 31 December 2008. All Senior Executive Options expire on 31 December 2010.

(f) Employment Contracts

Except as disclosed below all Directors and executives are employed under contracts of employment with standard commercial terms, such as having no fixed term of expiry, notice periods of between one and three months and termination payments only in lieu of notice.

DIRECTORS' REPORT (cont)

The Managing Director is employed under contract. The current employment agreement with the Managing Director commenced on 1 March 2005 and continues for a period of three calendar years. Under the terms of this contract:

- The remuneration package provided under the agreement provides a base salary, in addition to an annual bonus provided according to the achievement of nominated targets.
- The agreement provides for the allocation of 5 million 5 year options exercisable at $0.10 each and 5 million 5 year options exercisable at $0.15 to the Managing Director, subject to shareholder approval. Following shareholder approval at the 2005 Annual General Meeting, these options were granted on 31 January 2006.
- Mr Perry may terminate the agreement by giving 3 months notice.
- The company may terminate the agreement at any time on the payment of an amount equal to twelve months of the Managing Director's remuneration package.
- The Company may terminate the agreement at any time without notice if serious misconduct has occurred.

The General Manager Business Development, Mr Branson, is employed under contract. The current employment contract commenced on 25 November 2004. Under the terms of this contract:

- Mr Branson may terminate this agreement by giving 30 days notice.
- The Company may terminate this agreement by providing 6 months notice or payment in lieu of the notice period (based on the fixed component of Mr Branson's remuneration).
- The employment contract is on an ongoing basis with no set time period.
- The Company may terminate the agreement at any time without notice if serious misconduct has occurred.

The Chief Financial Officer and Company Secretary, Mr Werrett, is employed under contract. The current employment contract commenced on 9 November 2004. Under the terms of this contract:

- Mr Werrett may terminate his employment by giving 30 days notice.
- The Company may terminate the agreement by providing 6 months notice or payment in lieu of the notice period (based on Mr Werrett's then current remuneration package).
- In consideration for a non-competition undertaking the Company will pay three months remuneration on resignation or termination.
- The employment contract is on an ongoing basis with no set time period.
- The Company may terminate the agreement at any time without notice if serious misconduct has occurred.

As at 30 June 2007 no other Director or key management personnel has entered into an employment agreement.

(iii) Compensation of Key Management Personnel

The following details the nature and amount of remuneration paid to Directors and other key management personnel of the consolidated entity during the year.

30 June 2007	Short Term			Post Employment	Share based Payment	Total		
	Salary & Fees	Cash Bonus	Non Monetary Benefits	Superannuation	Options		Total Remuneration	
							Performance Related	Consisting of Options
	$	$	$	$	$	$		
Non-executive Directors								
V H Pendal	97,500	-	-	-	-	97,500	0%	0%
J R Nicholls[1]	-	-	-	57,500	-	57,500	0%	0%
I J Williams[2]	27,751	-	-	21,206	-	48,957	0%	0%
U Cario[3]	-	-	-	17,154	-	17,154	0%	0%
S Withana[4]	32,329	-	-	-	-	32,329	0%	0%
Executive Directors								
K R Perry	250,163	78,960	-	99,506	132,167	560,796	14%	24%
TOTAL	**407,743**	**78,960**	**-**	**195,366**	**132,167**	**814,236**		
Executives								
J Branson	266,728	127,492	20,688	28,309	35,204	478,421	27%	7%
W Fair	194,218	105,920	34,677	23,295	35,204	393,314	27%	9%
P Werrett	113,520	39,325	-	105,113	35,204	(i)293,162	13%	12%
N Rogers	148,938	11,000	-	13,637	23,359	196,934	6%	12%
A Tamlin	161,925	63,266	-	17,104	23,359	265,654	24%	9%
M Kostarelas	166,953	77,806	-	18,117	23,359	286,235	27%	8%
H Branson	157,418	31,506	59,515	14,976	23,359	286,774	11%	8%
A Hickey	230,562	-	-	1,716	-	232,278	0%	0%
TOTAL	**1,440,262**	**456,315**	**114,880**	**222,267**	**199,048**	**2,432,772**		

(i) Payments made to Mr Werrett during the year ended 30 June 2007 included an amount of $23,632, paid as superannuation, applicable to a prior period.

DIRECTORS' REPORT (cont)

30 June 2006	Short Term			Post Employment	Share-based Payment	Total		
	Salary & Fees	Cash Bonus	Non Monetary Benefits	Superannuation	Options		Total Remuneration	
							Performance Related	Consisting of Options
	$	$	$	$	$	$		
Non-executive Directors								
V H Pendal	75,000	-	-	-	-	75,000	0%	0%
P Collins[5]	17,500	-	-	-	-	17,500	0%	0%
S Withana[4]	37,500	-	-	-	-	37,500	0%	0%
R Middleton-Jones[6]	2,500	-	-	-	-	2,500	0%	0%
J R Nicholls[1]	18,750	-	-	-	-	18,750	0%	0%
Executive Directors								
K R Perry	206,422	-	5,198	119,539	132,167	463,326	0%	29%
TOTAL	**357,672**	**-**	**5,198**	**119,539**	**132,167**	**614,576**		
Executives								
J Branson	238,863	88,830	17,486	22,824	19,327	387,330	23%	5%
W Fair	168,940	13,129	49,131	22,130	19,327	272,657	5%	7%
P Werrett	142,268	-	-	22,970	19,327	184,565	0%	10%
N Rogers	133,157	10,000	8,738	11,857	13,460	177,212	6%	8%
A Tamlin	154,648	17,707	38,835	13,777	13,460	238,427	7%	6%
M Kostarelas	158,370	20,532	18,311	13,950	13,460	224,623	9%	6%
H Branson	154,452	12,918	36,737	13,495	13,460	231,062	6%	6%
A Hickey	233,100	-	-	-	-	233,100	0%	0%
TOTAL	**1,383,798**	**163,116**	**169,238**	**121,003**	**111,821**	**1,948,976**		

1. Mr Nicholls was appointed as a Non-Executive Director on 31 January 2006 and resigned as an Alternate Director on that date.
2. Mr Williams was appointed as a Non-Executive Director on 1 August 2006.
3. Mr Cario was appointed as a Non-Executive Director on 21 February 2007
4. Mr Withana resigned as a Non-Executive Director on 21 February 2007.
5. Mr Collins resigned as a Non-Executive Director on 31 January 2006.
6. Mr Middleton-Jones resigned as a Non-Executive Director on 28 July 2005.

During or since the financial year, the Company has paid premiums in respect of a contract insuring the Directors and Officers of Brandrill Limited. It is not practical to allocate this amount.

No Brandrill Limited shares were issued upon the exercise of share options in the current or prior year.

Rounding of Amounts

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Auditor's Independence and Non Audit Services

The Directors received the Auditor's Independence Declaration from the Auditor of Brandrill Limited which is included on page 18 of Brandrill Limited's Annual Report.

Ernst & Young received assurance related services amounting to $5,047.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Brandrill Limited support the principles of corporate governance. The Company's corporate governance statement is set out in the last section of this Annual Report.

Dated at Perth, Western Australia, 30 August 2007

Signed in accordance with a resolution of Directors

K R PERRY
MANAGING DIRECTOR

ERNST & YOUNG

■ The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

GPO Box M939
Perth WA 6843

■ Tel 61 8 9429 2222
Fax 61 8 9429 2436

Auditor's Independence Declaration to the Directors of Brandrill Limited

In relation to our audit of the financial report of Brandrill Limited for the financial year ended 30 June 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

V W Tidy
Partner
Perth
30 August 2007

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Brandrill Limited, I state that:

In the opinion of the Directors:

(a) the financial statements, notes and the additional disclosures in the Directors Report designated as audited of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

ii) complying with the Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2007.

On behalf of the Board

K R Perry
Managing Director

Perth, Western Australia, 30 August 2007

BALANCE SHEET
As at 30 June 2007

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
CURRENT ASSETS					
Cash and cash equivalents	24(b)	5,957	9,127	5,954	9,035
Trade and other receivables	7	19,198	14,694	18,880	14,184
Inventories	8	7,312	4,844	6,658	4,320
Other	9	1,983	1,085	1,980	1,082
Total Current Assets		34,450	29,750	33,472	28,621
NON-CURRENT ASSETS					
Trade and other receivables	7	-	-	-	-
Other financial assets	19	-	-	750	750
Property, plant and equipment	10	45,471	25,795	45,449	25,777
Intangible assets and goodwill	11	3,309	3,309	3,309	3,309
Deferred tax assets	6	7	1,992	335	2,067
Other	9	60	36	60	36
Total Non-Current Assets		48,847	31,132	49,903	31,939
TOTAL ASSETS		**83,297**	**60,882**	**83,375**	**60,560**
CURRENT LIABILITIES					
Trade and other payables	12	12,118	12,417	11,931	12,168
Interest bearing liabilities	13	11,390	4,955	11,390	4,955
Provisions	14	3,479	2,325	3,479	2,323
Total Current Liabilities		26,987	19,697	26,800	19,446
NON-CURRENT LIABILITIES					
Interest bearing liabilities	13	19,639	13,000	19,639	13,000
Provisions	14	318	212	318	212
Total Non-Current Liabilities		19,957	13,212	19,957	13,212
TOTAL LIABILITIES		**46,944**	**32,909**	**46,757**	**32,658**
NET ASSETS		**36,353**	**27,973**	**36,618**	**27,902**
EQUITY					
Contributed equity	15	103,907	103,950	103,907	103,950
Reserves	16	642	320	704	301
Accumulated losses	17	(68,196)	(76,297)	(67,993)	(76,349)
TOTAL EQUITY		**36,353**	**27,973**	**36,618**	**27,902**

The above balance sheet should be read in conjunction with the accompanying notes.

INCOME STATEMENT
For the Year Ended 30 June 2007

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Continuing Operations					
Revenue	4(a)	124,202	102,535	123,121	101,069
Other income	4(b)	510	590	504	590
Materials, consumables and external services		(32,044)	(26,672)	(31,459)	(25,590)
Employee benefits expense	4 (c)	(53,576)	(41,498)	(53,119)	(41,224)
Equipment ownership and maintenance expenses		(14,533)	(16,866)	(14,520)	(16,767)
Amortisation and depreciation expense	4(h)	(8,654)	(7,209)	(8,623)	(7,204)
Impairment of non-current assets	4(d)	-	-	(792)	(956)
Other expenses	4(e)	(3,759)	(2,905)	(2,965)	(2,081)
Finance costs	4(g)	(2,054)	(1,812)	(2,053)	(1,797)
Profit before income tax		10,092	6,163	10,094	6,040
Income tax (expense)/benefit	6	(1,991)	1,883	(1,738)	1,958
Net profit for the period		8,101	8,046	8,356	7,998
Earnings per share (cents per share):					
Basic for profit for the year attributable to ordinary equity holders of the parent	29	2.54	2.65		
Diluted for profit for the year attributable to ordinary equity holders of the parent	29	2.39	2.62		

The above Income Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2007

CONSOLIDATED	Note	Issued Capital $'000	Accumulated Losses $'000	Other Reserves $'000	Total $'000
Balance as at 1 July 2006		**103,950**	**(76,297)**	**320**	**27,973**
Foreign currency translation	16	-	-	(81)	(81)
Total income/(expense) for the period recognised directly in equity		**-**	**-**	**(81)**	**(81)**
Profit for the period	17	-	8,101	-	8,101
Total income and expense for the period		**-**	**8,101**	**(81)**	**8,020**
Issue of share capital	15	-	-	-	-
Share based payment	16	-	-	403	403
Cost of equity raising tax effect	15	(43)	-	-	(43)
		(43)	**-**	**403**	**360**
Balance as at 30 June 2007		**103,907**	**(68,196)**	**642**	**36,353**
Balance as at 1 July 2005		**99,726**	**(84,343)**	**-**	**15,383**
Foreign currency translation	16	-	-	19	19
Total income/(expense) for the period recognised directly in equity		**-**	**-**	**19**	**19**
Profit for the period	17	-	8,046	-	8,046
Total income and expense for the period		**-**	**8,046**	**19**	**8,065**
Issue of share capital	15	4,115	-	-	4,115
Share based payments	16	-	-	301	301
Cost of equity raising tax effect	15	109	-	-	109
		4,224	**-**	**301**	**4,525**
Balance as at 30 June 2006		**103,950**	**(76,297)**	**320**	**27,973**

PARENT	Note	Issued Capital $'000	Accumulated Losses $'000	Other Reserves $'000	Total $'000
Balance as at 1 July 2006		**103,950**	**(76,349)**	**301**	**27,902**
Profit for the period	17	-	8,356	-	8,356
Total income and expense for the period		**-**	**8,356**	**-**	**8,356**
Issue of share capital	15	-	-	-	-
Share based payments	16	-	-	403	403
Cost of equity raising tax effect	15	(43)	-	-	(43)
		(43)	**-**	**403**	**360**
Balance as at 30 June 2007		**103,907**	**(67,993)**	**704**	**36,618**
Balance as at 1 July 2005		**99,726**	**(84,347)**	**-**	**15,379**
Profit for the period	17	-	7,998	-	7,998
Total income and expense for the period		**-**	**7,998**	**-**	**7,998**
Issue of share capital	15	4,115	-	-	4,115
Share based payments	16	-	-	301	301
Cost of equity raising tax effect	15	109	-	-	109
		4,224	**-**	**301**	**4,525**
Balance as at 30 June 2006		**103,950**	**(76,349)**	**301**	**27,902**

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

CASH FLOW STATEMENT
For the Year Ended 30 June 2007

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Cash Flows from Operating Activities					
Receipts from customers		131,602	109,628	130,416	108,486
Payments to suppliers and employees		(117,089)	(96,260)	(115,070)	(94,335)
Interest received		439	139	439	139
Interest and other costs of finance paid		(2,054)	(1,416)	(2,053)	(1,401)
Net cashflows from operating activities	**24(a)**	**12,898**	**12,091**	**13,732**	**12,889**
Cash Flows from Investing Activities					
Payments for plant and equipment		(9,311)	(6,807)	(9,302)	(6,807)
Purchase of business	26	(5,145)	-	(5,145)	-
Proceeds from the sale of plant and equipment		394	725	394	725
Net cashflows (used in) investing activities		**(14,062)**	**(6,082)**	**(14,053)**	**(6,082)**
Cash Flows from Financing Activities					
Loans to controlled entities		-	-	(761)	(879)
Repayment of borrowings		(1,219)	(6,748)	(1,219)	(6,748)
Payment of hire purchase and lease liabilities		(2,300)	(4,946)	(2,300)	(4,946)
Payment of equipment finance		(3,905)	(2,088)	(3,905)	(2,088)
Proceeds from equipment finance		5,425	10,648	5,425	10,648
Net cashflows (used in) financing activities		**(1,999)**	**(3,134)**	**(2,760)**	**(4,013)**
Net (decrease)/increase in cash held		**(3,163)**	**2,875**	**(3,081)**	**2,794**
Cash at the beginning of the financial year		9,127	6,251	9,035	6,241
Effects of exchange rate changes on the balances of cash held in foreign currency		(7)	1		-
Cash at the end of the financial year	**24(b)**	**5,957**	**9,127**	**5,954**	**9,035**

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

1. CORPORATE INFORMATION

The financial report of Brandrill Limited (the Company) for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of Directors on 30 August 2007.

Brandrill Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of the operations and principal activities of the Group during the financial year were the provision of drilling and blasting services under contract to open-cut mines and drilling, blasting and earthmoving services under contract to the civil construction industry, as well as long hole stoping services to the underground mining industry.

The Group was also engaged in the commercialisation and supply of its patented PCF® rock breaking technology.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of preparation**

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards and other mandatory professional reporting requirements. The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

b) **Statement of compliance**

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) and the Urgent Issues Group that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2006. The adoption of these new and revised Standards and Interpretations did not have any affect on the financial position or performance of the Group.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2007. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Amendments arise from the release in August 2005 of AASB 7 *Financial Instruments: Disclosures.*	1 January 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Group's financial report.	1 July 2007
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Amending standard issued as a consequence of AASB Interpretation 11 *Interim Financial Reporting and Impairment.*	1 March 2007	This is consistent with the Group's existing accounting policies for share-based payments so will have no impact.	1 July 2007
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Amending standard issued as a consequence of AASB Interpretation 12 *Service Concession Arrangements.*	1 January 2007	As the Group currently has no service concession arrangements or public-private-partnerships (PPP), it is expected that this Interpretation will have no impact on its financial report.	1 July 2008

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 *Operating Segments.*	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However the new standard is expected to have an impact on the Group's segment disclosures as segment information based on management reports are more detailed than those currently reported under AASB 114.	1 July 2009
AASB 2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments	The standard is a result of the AASB decision that, in principle, all accounting policy options currently existing in IFRS should be included in the Australian equivalents to IFRS and the additional Australian disclosures should be eliminated, other than those considered particularly relevant in the Australian reporting environment.	1 July 2007	As the Group does not anticipate changing any of its accounting policy choices as a result of the issue of AASB 2007-4 this standard will have no impact on the amounts included in the Group's financial statements. Changes to disclosure requirements will have no direct impact on the amounts included in the Group's financial statements. However the new standard may have an impact on the disclosures included in the Group's financial report.	1 July 2007
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12	Amending standard issued as a consequence of AASB 123 (revised) *Borrowing Costs.*	1 January 2009	As the Group does not currently construct or produce any qualifying assets which are financed by borrowings the revised standard will have no impact.	1 July 2009
AASB 2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB5, AASB 107 & AASB128]	Amending standard issued as a consequence of AASB 2007-4.	1 July 2007	Refer to AASB 2007-4 above.	1 July 2007
AASB 7	*Financial Instruments: Disclosures*	New standard replacing disclosure requirements of AASB 132.	1 January 2007	Refer to AASB 2005-10 above.	1 July 2007
AASB 8	*Operating Segments*	This new standard will replace AASB 114 *Segment Reporting* and adoption of management approach to *Segment Reporting*	1 January 2009	Refer to AASB 2007-3 above.	1 July 2009
AASB 101 (revised October 2006)	Presentation of Financial Statements	Many of the disclosures from previous GAAP and all of the guidance from previous GAAP are not carried forward in the October 2006 version of AASB 101. The revised standard includes some text from IAS 1 that is not in the existing AASB 101 and has fewer additional Australian disclosure requirements than the existing AASB 101.	1 January 2007	AASB 101 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However, the revised standard may result in changes to the disclosures included in the Group's financial report.	1 July 2007
AASB 123 (revised June 2007)	Borrowing Costs	AASB 123 previously permitted entities to choose between expensing all borrowing costs and capitalising those that were attributable to the acquisition, construction or production of a qualifying asset. The revised version of AASB 23 requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset	1 January 2009	Refer to AASB 2007-6 above.	1 July 2009

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB Interpretation 10	*Interim Financial Reporting and Impairment*	Addresses an inconsistency between AASB 134 *Interim Financial Reporting* and the impairment requirements relating to goodwill in AASB 136 *Impairment of Assets* and equity instruments classified as available for sale in AASB 139 *Financial Instruments: Recognition and Measurement*	1 November 2006	The prohibitions on reversing impairment losses in AASB 136 and AASB 139 to take precedence over the more general statement in AASB 134 that interim reporting is not expected to have any impact on the Group's financial report.	1 July 2007
AASB Interpretation 11	*Group and Treasury Share Transactions*	Specifies that a share-based payment transaction in which an entity receives services as consideration for its own equity instruments shall be accounted for as equity- settled.	1 March 2007	Refer to AASB 2007-1 above.	1 July 2007
AASB Interpretation 12	*Service Concession Arrangements*	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	1 January 2008	Refer to AASB 2007-2 above.	1 July 2008
AASB Interpretation 129 (revised June 2007)	Service Concession Arrangements: Disclosures	The revised interpretation was issued as a result of the issue of Interpretation 12 and requires specific disclosures about service concession arrangements entered into by an entity, whether as a concession provider or a concession operator.	1 January 2008	Refer to AASB 2007-2 above.	1 July 2008
IFRIC Interpretation 13	Customer Loyalty Programmes	Deals with the accounting for customer loyalty programmes, which are used by companies to provide incentives to their customers to buy their products or use their services.	1 July 2008	The Group does not have any customer loyalty programmes and as such this interpretation is not expected to have any impact on the Group's financial report.	1 July 2008
IFRIC Interpretation 14	IAS 19 - The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements	Aims to clarify how to determine in normal circumstances the limit on the asset that an employer's balance sheet may contain in respect of its defined benefit pension plan.	1 January 2008	The Group does have a defined benefit pension plan and as such this interpretation may have an impact on the Group's financial report. The Group has not yet determined the extent of the impact, if any.	1 July 2008

*designates the beginning of the applicable annual reporting period

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

c) **Basis of consolidation**

The consolidated financial statements comprise the financial statements of Brandrill Limited and its subsidiaries ('the Group'). The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

d) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination.

Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the 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.

e) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of goodwill and intangibles with indefinite useful lives

The group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

Useful lives of plant and equipment

The Group determines the depreciation rate to be adopted based on estimates of the useful life of the asset. In addition, the condition of the assets is assessed at least once per annum and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

Share-based payment transactions

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, using the assumptions detailed in note 21.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

f) Foreign currency translation

Both the functional and presentation currency of Brandrill Limited and its Australian subsidiaries is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

The functional currency of the overseas subsidiary (RockTek USA Inc) is Canadian dollars (CAN$).

As at the reporting date the assets and liabilities of this overseas subsidiary are translated into the presentation currency of Brandrill Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are brought to account in the foreign currency translation reserve.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

g) **Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are measured at historic cost less accumulated depreciation and any accumulated impairment losses.

Depreciation for each Rig is calculated based on rig usage over the estimated useful life of the Rig. Rig overhauls are capitalised into plant and equipment and depreciated based on Rig usage.

Refer to Note 3 for details on the change in accounting method for depreciation during the year .

For all other assets, depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:
Buildings - over 40 years
Plant and equipment - over 1 to 12 years

The asset's residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at least each financial year

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired.

The recoverable amount of the property, plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment exists when the carrying value of assets or cash-generating units exceeds its estimated recoverable amount. The assets or cash-generating units are written down to their recoverable amount.

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

h) **Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

i) **Goodwill**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, any goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or groups of cash-generating units, expected to benefit from the combination's synergies.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB114 "Segment Reporting".

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit or groups of cash-generating units and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

j) **Intangible assets**

Acquired both separately and from a business combination.

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets (ie they are carried at cost less any accumulated amortisation and accumulated impairment losses). Internally generated intangible assets, excluding development costs, are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate and is thus accounted for on a prospective basis.

Research and development costs

Research costs are expensed as incurred.

Development expenditure incurred on an internal project is carried forward when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of an intangible asset arising from development costs is tested for impairment annually when the asset is not yet available for use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

A summary of the policies applied, in both the current and comparative period, to the Group's intangible assets is as follows:

	Trademarks
Useful lives	*Indefinite*
Method used	*Not depreciated or revalued*
Internally generated / acquired	*Acquired*
Impairment test / Recoverable amount testing	*Annually and where an indicator of impairment exists*

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

k) **Impairment of assets**

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount.

The recoverable amount is the higher of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of an asset, or cash-generating unit to which it belongs, exceeds its recoverable amount the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in the Income Statement.

Assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment when events or changes in circumstances indicate that the impairment may have reversed.

l) **Investments in controlled entities**

All investments in controlled entities are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Subsequent to the initial measurement, investments in controlled entities are carried at cost less accumulated impairment losses.

m) **Inventories**

Inventories are carried at the lower of cost and net realisable value, where this figure exceeds $100. Where the initial cost of inventory is less than $100 the item is charged against earnings.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

n) **Trade and other receivables**

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

o) **Work in progress**

Work in progress is valued at cost plus profit recognised to date based on the value of work completed, less provision for foreseeable losses. Allowance for the total loss on a contract is made as soon as the loss is foreseeable.

Costs include both variable and fixed costs directly related to specific contracts. Those costs that are expected to be incurred under penalty clauses and warranty provisions are also included.

Amounts billed to customers on long-term construction contracts are netted off against construction work in progress and recorded as a trade debtor.

p) **Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

q) **Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability at least twelve months after their balance date.

r) **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

s) **Employee leave benefits**

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. Liability for annual leave expected to be settled within 12 months of the reporting date is recognised in provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

t) **Share-based payment transactions**

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

There are currently two plans in place to provide these benefits:

(i) The Managing Director Option Plan, which provides benefits to the Managing Director; and
(ii) The Senior Executive Option Plan, which provides benefits to senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Brandrill Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

u) **Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

v) **Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends)
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

w) **Leases**

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

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

x) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services
Revenue from services is recognised upon the delivery of the service to customers.

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

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

Percentage of completion is measured based on an assessment of total costs incurred to date as a percentage of total forecast costs for the project.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

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

Dividends
Revenue is recognised when the shareholders' right to receive the payment is established.

y) **Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

z) **Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

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

(aa) **Segment Reporting**
A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(ab) **Trade and Other Payables**
Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

3. CHANGE IN ACCOUNTING FOR DEPRECIATION

The Group has voluntarily adopted a change in depreciation method for the Rig fleet commencing 1 January 2007.

The previous depreciation method calculated depreciation on a straight line basis over the estimated useful life of the rig or the useful life of components where it is less than the rig's useful life. The impact of the previous depreciation method was to effectively accelerate rig depreciation. This change in depreciation method represents a decrease in depreciation expense of $1,913,000 for the twelve months ended 30 June 2007 in the Income Statement. Despite this change in depreciation method, the depreciation for the year ended 30 June 2007 totalled $8.6 million, in comparison to $7.2 million for the year ended 30 June 2006. As a consequence of this adjustment, the carrying value of rigs at 30 June 2007 is higher, by a corresponding amount, than would otherwise have been stated by the previous method.

The depreciation method has been amended to implement a rig residual value and changes the depreciation from straight line based on an estimated time basis to actual production hours over estimated production life. The change in method more appropriately matches the depreciation expense against the usage of the rigs. The inclusion of a residual value in the depreciation charge reflects the group's practice of refurbishing rigs. Consistent with previous practice, the replaced components in the refurbishment process are depreciated over a shorter life than the rig, to reflect their estimated useful life.

The impact of this change in depreciation method up to 30 June 2007 on the Group is represented in Note 4(h) and Note 10.

The impact of this change in depreciation method to future periods has not been disclosed as it is impractical to estimate that effect, when compared to lives achieved in practice.

Basic and diluted earnings per share have also been affected. The amount of impact of the change in depreciation method is an increase of 0.60 cents per share and 0.56 cents per share for the group and company respectively for the twelve months ending 30 June 2007.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
4. REVENUES AND EXPENSES					
(a) Revenues					
Rendering of services		122,682	100,930	122,682	100,930
Sale of goods		1,081	1,466	-	-
Finance revenue – interest received		439	139	439	139
		124,202	**102,535**	**123,121**	**101,069**
(b) Other income					
Net gain on disposal of property, plant & equipment		336	69	336	69
Gain on re-financing		-	349	-	349
Other		174	172	168	172
		510	**590**	**504**	**590**
(c) Employee benefits expense					
Wages and salaries		46,770	37,002	46,357	36,774
Deferred contribution superannuation expense		2,523	1,596	2,514	1,587
Share based payments expense		403	301	403	301
Other employee benefits expense		3,880	2,599	3,845	2,562
		53,576	**41,498**	**53,119**	**41,224**
(d) Impairment of non-current assets					
Allowance for impairment of loans		-	-	792	956
		-	**-**	**792**	**956**
(e) Other expenses					
Bad debts written off		4	77	-	62
Operating lease rentals on property, plant and equipment		386	285	354	236
Other		3,369	2,543	2,611	1,783
		3,759	**2,905**	**2,965**	**2,081**
(f) Inventory					
Allowance for diminution in inventory		-	132	-	-
Write off of inventory		59	157	59	157
		59	**289**	**59**	**157**
(g) Finance costs					
Interest expense					
- Hire purchases		356	172	356	172
- Finance leases		245	300	245	300
- Equipment loans		1,192	781	1,192	781
- Interest paid or payable to other persons		261	423	260	408
- Write off of capitalised borrowing costs		-	136	-	136
		2,054	**1,812**	**2,053**	**1,797**
(h) Amortisation and depreciation expenses					
Amortisation of research and development		-	34	-	34
Depreciation of plant and equipment		8,654	7,175	8,623	7,170
		8,654	**7,209**	**8,623**	**7,204**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
5. AUDITORS' REMUNERATION				
Amounts received or due and receivable by Ernst & Young for:				
an audit or review of the financial report of the entity and any other entity in the consolidated entity	139,050	124,971	139,050	124,971
other assurance services	5,047	22,100	5,047	22,100
Total other services in relation to the entity and any other entity in the consolidated entity	5,047	22,100	5,047	22,100
Amounts received or due and receivable by auditors other than Ernst & Young for an audit or review of the financial report of the entity and any other entity in the consolidated entity	18,726	4,927	18,726	4,927

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	Consolidated		Parent	
	2007 $000's	2006 $000's	2007 $000's	2006 $000's
6. INCOME TAX				
The major components of income tax are:				
Income statement				
Current income tax				
Current income tax charge	-	-	-	-
Deferred income tax				
Relating to origination and reversal of timing differences	(1,848)	1,883	(1,603)	1,958
(Over)/Under provision from prior years	(143)	-	(135)	-
	(1,991)	1,883	(1,738)	1,958
(a) A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:				
Accounting profit before income tax	10,092	6,163	10,094	6,040
At the Group's statutory income tax rate of 30% (2006: 30%)	3,027	1,849	3,029	1,812
Adjustments in respect of current income tax of previous years	143	-	135	-
Expenditure not allowable for income tax purposes	520	103	159	103
Interest paid on mandatory converting notes	-	24	-	24
De-recognition of deferred tax liability	(70)	-	(70)	-
Other	(59)	(802)	55	(515)
Purchase of deferred tax asset	(49)	-	(49)	-
Unrecognised subsidiary tax losses and timing differences	-	250	-	-
Utilisation of tax losses	(2,383)	(1,424)	(2,256)	(1,424)
Recognition of deferred tax liability in respect of temporary differences	862	-	735	-
Previously unrecognised tax losses and temporary differences now recognised as deferred tax assets	-	(1,883)	-	(1,958)
Income tax expense/(benefit) reported in the income statement	1,991	(1,883)	1,738	(1,958)
Income tax recognised directly in equity				
The following current and deferred tax amounts were charged directly to equity during the period:				
Deferred Tax				
Share issue expenses	43	(109)	43	(109)
	43	(109)	43	(109)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

CONSOLIDATED	Opening balance $000's	Charged to income $000's	Other* $000's	Closing balance $000's
6. INCOME TAX (Cont)				
2007				
Deferred tax balances				
Taxable and deductible temporary differences arise from the following:				
Deferred tax assets				
Provisions	760	362	49	1,171
Losses available for offset against future taxable income	2,632	(2,383)	-	249
Capital raising expenses	137	(15)	(43)	79
Other	381	98	-	479
	3,910	(1,938)	6	1,978
Deferred tax liabilities				
Unearned income	247	214	-	461
Depreciation	866	(361)	-	505
Inventory	734	271	-	1005
Other	71	(71)	-	-
	1,918	53	-	1,971
	1,992	(1,991)	6	7
2006				
Deferred tax balances				
Taxable and deductible temporary differences arise from the following:				
Deferred tax assets				
Provisions	547	213	-	760
Losses available for offset against future taxable income	4,056	(1,424)	-	2,632
Capital raising expenses	193	(165)	109	137
Other	1,005	(624)	-	381
	5,801	(2,000)	109	3,910
Deferred tax liabilities				
Unearned income	215	32	-	247
Depreciation	930	(64)	-	866
Inventory	609	125	-	734
Other	70	1	-	71
	1,824	94	-	1,918
Less Unrecognised Net Deferred Tax Assets	(3,977)	3,977	-	-
	-	1,883	109	1,992

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

PARENT	Opening balance $000's	Charged to income $000's	Other* $000's	Closing balance $000's
6. INCOME TAX (Cont)				
2007				
Deferred tax balances				
Taxable and deductible temporary differences arise from the following:				
Deferred tax assets				
Provisions	835	525	49	1,409
Losses available for offset against future taxable income	2,595	(2,256)	-	339
Capital raising expenses	137	(15)	(43)	79
Other	418	61	-	479
	3,985	(1,685)	6	2,306
Deferred tax liabilities				
Unearned income	247	214	-	461
Depreciation	866	(361)	-	505
Inventory	734	271	-	1,005
Other	71	(71)	-	-
	1,918	53	-	1,971
	2,067	(1,738)	6	335
2006				
Deferred tax balances				
Taxable and deductible temporary differences arise from the following:				
Deferred tax assets				
Provisions	623	212	-	835
Losses available for offset against future taxable income	4,019	1,424	-	2,595
Capital raising expenses	193	(165)	109	137
Other	1,004	(586)	-	418
	5,839	(1,963)	109	3,985
Deferred tax liabilities				
Unearned income	215	32	-	247
Depreciation	930	(64)	-	866
Inventory	609	125	-	734
Other	108	(37)	-	71
	1,862	56	-	1,918
Less Unrecognised Net Deferred Tax Assets	(3,977)	3,977	-	-
	-	1,958	109	2,067

* Other comprises amounts charged or credited direct to equity and deferred tax balances acquired in the business combination.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
6. INCOME TAX (Cont)				
Unrecognised deferred tax balances				
The following deferred tax assets have not been brought to account as follows:				
Tax losses – capital	1,306	1,306	1,306	1,306
	1,306	**1,306**	**1,306**	**1,306**

In addition, controlled entities within the Group may have estimated future income tax benefits arising from tax losses not brought to account at reporting date. At this stage it is impractical to quantify the taxation impact on the future availability of these losses. The Company is seeking independent expert advice in this regard.

These deferred tax assets will only be obtained if:

(i) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(ii) The conditions for deductibility imposed by tax legislation continue to be complied with; and
(iii) No changes in tax legislation adversely affect the consolidated entity in realising the benefit.

Tax consolidation

At the date of signing the financial report, Brandrill Limited had not determined whether Brandrill Limited and its 100% owned subsidiaries would form a tax consolidated group and if so the date of entry into tax consolidation. The date of entry will be considered at the date the Head Company lodges an income tax return for the year ended 30 June 2007.

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
7. RECEIVABLES					
CURRENT					
Trade debtors (a)		17,184	14,454	16,836	13,944
Allowance for doubtful debts		(30)	(41)	-	(41)
Trade debtors, net		**17,154**	**14,413**	**16,386**	**13,903**
Other receivables (b) (c)		2,044	281	2,044	281
Total Current Receivables		**19,198**	**14,694**	**18,880**	**14,184**
NON-CURRENT					
Loans to wholly owned subsidiaries (d)		-	-	40,679	39,887
Allowance for impairment of loans		-	-	(40,679)	(39,887)
Total Non-Current Receivables, Net		-	-	-	-

(a) Trade debtors are non-interest bearing and generally on 30 day terms.
(b) Other receivables are non-interest bearing and are generally received within 30 days.
(c) On 20 June 2007 Brandrill Limited provided a $2.0 million working capital facility to DT-Hi Load Australia Pty Ltd ("DTA"). The facility is secured by a fixed and floating charge over the assets and undertakings of DTA. The loan is due for repayment on 21 December 2007. On 13 July 2007, Brandrill Limited entered into an agreement to acquire a 70% interest in DTA
(d) These loans are unsecured and interest free.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
8. INVENTORIES (CURRENT)					
New consumables and spares – at cost		4,004	2,971	3,350	2,447
Service exchange components, used and reconditioned spare parts – at cost		3,308	1,873	3,308	1,873
Total Inventories		**7,312**	**4,844**	**6,658**	**4,320**
9. OTHER					
CURRENT					
Prepayments		375	513	372	510
Unbilled income		1,537	572	1,537	572
Acquisition costs		71	-	71	-
Total Other Current Assets		**1,983**	**1,085**	**1,980**	**1,082**
NON-CURRENT					
Other		60	36	60	36
Total Other Non-Current Assets		**60**	**36**	**60**	**36**
10. PLANT AND EQUIPMENT					
Plant and Equipment Summary:					
At cost		78,367	56,884	78,345	56,866
Accumulated depreciation		(32,896)	(31,089)	(32,896)	(31,089)
Total Plant and Equipment Written Down Amount		**45,471**	**25,795**	**45,449**	**25,777**
Plant and Equipment Breakdown:					
Plant and equipment					
At cost		56,216	49,508	56,194	49,490
Accumulated depreciation		(30,078)	(29,789)	(30,078)	(29,789)
		26,138	19,719	26,116	19,701
Plant and equipment under hire purchase					
At cost		9,146	2,390	9,146	2,390
Accumulated depreciation		(1,298)	(423)	(1,298)	(423)
		7,848	1,967	7,848	1,967
Plant and equipment under finance lease					
At cost		10,915	3,508	10,915	3,508
Accumulated depreciation		(1,238)	(738)	(1,238)	(738)
		9,677	2,770	9,677	2,770
Leasehold improvements					
At cost		855	696	855	696
Accumulated amortisation		(282)	(139)	(282)	(139)
		573	557	573	557
Other - capital works in progress/spares					
At cost		1,235	782	1235	782
		1,235	782	1235	782
Total Plant and Equipment Written Down Amount		**45,471**	**25,795**	**45,449**	**25,777**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
10. PLANT AND EQUIPMENT (Cont)					
(a) **Assets pledged as security**					
Plant and equipment under hire purchase		7,848	1,967	7,848	1,967
Plant and equipment under equipment loans		17,395	15,416	17,395	15,416
Plant and equipment under finance lease		9,677	2,770	9,677	2,770
(b) **Reconciliations**					
Plant and equipment					
Carrying amount at beginning of year		19,719	10,482	19,701	10,462
Additions		13,398	9,686	13,390	9,686
Disposals		(56)	(280)	(58)	(279)
Depreciation expense		(6,977)	(6,133)	(6,946)	(6,128)
Reversal of asset write down/(asset write down)		125	-	125	-
Net foreign currency movements		(1)	4	-	-
Asset transfers		(70)	5,960	(96)	5,960
		26,138	19,719	26,116	19,701
Plant and equipment under hire purchase					
Carrying amount at beginning of year		1,967	1,806	1,967	1,806
Additions		6,686	657	6,686	657
Disposals		-	-	-	-
Asset transfers		101	-	101	-
Depreciation expense		(906)	(496)	(906)	(496)
		7,848	1,967	7,848	1,967
Plant and equipment under finance lease					
Opening Lease		2,770	1,818	2,770	1,818
Additions		7,691	1,735	7,691	1,735
Disposals		-	(376)	-	(376)
Asset transfers		(31)	-	(31)	-
Depreciation expense		(753)	(407)	(753)	(407)
		9,677	2,770	9,677	2,770
Other assets - capital works in progress/spares					
Carrying amount at beginning of year		782	1,968	782	1,968
Additions		453	4,774	427	4,774
Asset transfers		-	(5,960)	26	(5,960)
		1,235	782	1,235	782
Leasehold improvements					
Carrying amount at beginning of year		557	523	557	523
Additions		159	173	159	173
Depreciation expense		(143)	(139)	(143)	(139)
		573	557	573	557

As described in Note 3, the Group has changed its depreciation method in relation to rig deprecation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	Note	Consolidated		Parent	
		2007 $000's	**2006 $000's**	**2007 $000's**	**2006 $000's**
11. INTANGIBLE ASSETS AND GOODWILL					
Goodwill					
At Cost		1,203	1,203	1,203	1,203
Trademarks					
At Cost		2,106	2,106	2,106	2,106
Total		2,106	2,106	2,106	2,106
Total Intangible Assets, Net		**3,309**	**3,309**	**3,309**	**3,309**

Goodwill acquired in a business combination and trademarks are allocated to the Group's cash-generating unit represented by drilling and blasting activities. The recoverable amount of this unit has been determined based on a value in use calculation using cashflow projections based on the financial budget for the year ended June 2008 and forecasts for the subsequent three year period.

The recoverable amount of this goodwill has been determined based on a value in use calculation which uses a 4 year discounted cash flow projection based on the 2008 budget. The projection assumes no additional growth in the business. A discount rate of 8.5% (2006: 8.6%) being the Brandrill Group weighted average interest rate has been used. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
12. TRADE AND OTHER PAYABLES					
CURRENT					
Trade creditors– unsecured (a)		7,442	7,056	7,310	6,856
Other payables and accruals (b)		4,676	5,361	4,621	5,312
		12,118	**12,417**	**11,931**	**12,168**

(a) Trade Creditors are non-interest bearing and most suppliers have 30 day terms.

(b) Other payables are non-trade payables, are non-interest bearing and have an average term of 3 months

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
13. INTEREST BEARING LIABILITIES					
CURRENT					
Insurance premium funding (d)		106	188	106	188
Hire purchase liabilities (a)		2,100	731	2,100	731
Equipment finance (b)		4,614	3,150	4,614	3,150
Working capital facility (c)		2,000	-	2,000	-
Lease liability (a)		2,570	886	2,570	886
Total Current Interest Bearing Liabilities		**11,390**	**4,955**	**11,390**	**4,955**
NON-CURRENT					
Hire purchase liabilities (a)		5,557	1,038	5,557	1,038
Equipment finance (b)		8,463	8,772	8,463	8,772
Lease liability (a)		5,619	1,190	5,619	1,190
Working capital facility (c)		-	2,000	-	2,000
Total Non-Current Interest Bearing Liabilities		**19,639**	**13,000**	**19,639**	**13,000**

(a) Hire purchase and finance lease liabilities are secured solely over the particular assets to which they relate. The average interest rate implicit in the loans in Australia is 8.34% (2006: 9.05%). Secured liabilities are secured by a charge over the assets.

(b) Secured by a first ranking fixed charge over plant and equipment at an average interest rate of 8.53% (2006: 8.96%).

(c) The parent entity and three controlled entities have provide interlocking guarantees and indemnities in respect of this facility which is secured by a first registered mortgage debenture over all the assets and undertakings of the parent entity and three controlled entities.

The facility has an interest rate of 9% with an undrawn commitment fee of 1% on the undrawn element, if any, of the facility.

(d) Unsecured insurance premium funding facility at an average interest rate of 4.04% (2006: 4.76%).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
14. PROVISIONS					
CURRENT					
Employee benefits	21	3,479	2,325	3,479	2,323
Total		**3,479**	**2,325**	**3,479**	**2,323**
NON-CURRENT					
Employee benefits	21	318	212	318	212
Total		**318**	**212**	**318**	**212**

15. CONTRIBUTED EQUITY

(a) **Issued and paid up capital**

	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Ordinary Shares fully paid	103,907	103,950	103,907	103,950

(b) **Movements in shares on issue**

	2007 Number of shares	2007 $'000	2006 Number of shares	2006 $'000
Beginning of the financial year	318,623,103	103,950	267,473,252	99,726
Issued during the year				
- Mandatory converting notes converted (1)			31,149,851	3,115
- Mizuho converting notes converted			20,000,000	1,000
Share issue costs				
- Tax effect share issue costs	-	(43)	-	109
End of the financial year	318,623,103	103,907	318,623,103	103,950

(1) Following the meeting of Mandatory Converting Note holders on 9 November 2004, the notes were convertible into a maximum of 0.5 shares and a minimum of 0.01 shares on or before 30 September 2005. Mandatory conversion into shares occurred on 30 September 2005.

(c) **Terms and Conditions of Contributed Equity**

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Effective 1 July 1998, the Corporations Legislation abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital nor par value in respect of its issued capital.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

15. CONTRIBUTED EQUITY (Cont)

Options over ordinary shares in Brandrill Limited:	2007 TOTAL	2007	2007	2007	2006 TOTAL	2006	2006	2006	2006	2006	2006	2006
Date of grant		31 Jan 2006	31 Jan 2006	31 Jan 2006		31 Jan 2006	31 Jan 2006	31 Jan 2006	27 Nov 2003	21 May 2003	11 Dec 2002	9 Mar 2001
On issue at beginning of year	22,500,000	5,000,000	5,000,000	12,500,000	3,388,117	-	-	-	300,000	100,000	2,985,217	2,900
Issued during the year	-	-	-	-	22,500,000	5,000,000	5,000,000	12,500,000	-	-	-	-
Exercised during the year	-	-	-	-	-	-	-	-	-	-	-	-
Expired/lapsed during the year	-	-	-	-	(3,388,117)	-	-	-	(300,000)	(100,000)	(2,985,217)	(2,900)
Outstanding at balance date	22,500,000	5,000,000	5,000,000	12,500,000	22,500,000	5,000,000	5,000,000	12,500,000	-	-	-	-
Issued since balance date		-	-	-	-	-	-	-	-	-	-	-
Exercised subsequent to balance date	(1,100,000)	-	-	(1,100,000)	-	-	-	-	-	-	-	-
Expired/lapsed since balance date	(500,000)	-	-	(500,000)	-	-	-	-	-	-	-	-
Outstanding at date of Directors' Report	20,900,000	5,000,000	5,000,000	10,900,000	22,500,000	5,000,000	5,000,000	12,500,000	-	-	-	-
Number of recipients		1	1	15		1	1	15	-	-	-	-
Exercise price (at Balance Date)		$0.10	$0.15	$0.15		$0.10	$0.15	$0.15	-	-	-	-
Exercise price (at date of Directors Report post consolidation)		$0.10	$0.15	$0.15		$0.10	$0.15	$0.15	-	-	-	-
Exercise period from:		Jul 2008	Jul 2008	Dec 2006		Jul 2008	Jul 2008	Dec 2006	-	-	-	-
Exercise period to:		Jul 2010	Jul 2010	Dec 2010		Jul 2010	Jul 2010	Dec 2010				
Expiration day:		1 Jul 2010	1 Jul 2010	31 Dec 2010		1 Jul 2010	1 Jul 2010	31 Dec 2010				

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	Note	Consolidated			Parent		
		Share Option Reserve $000's	Foreign Currency Translation $000's	Total $000's	Share Option Reserve $000's	Foreign Currency Translation $000's	Total $000's
16. RESERVES							
At 1 July 2005		-	-	-	-	-	-
Currency translation differences	*a)*	-	19	19	-	-	-
Share based payments	*b)*	301	-	301	301	-	301
At 1 July 2006		301	19	320	301	-	301
Currency translation differences	*a)*	-	(81)	(81)	-	-	-
Share based payments	*b)*	403	-	403	403	-	403
At 30 June 2007		704	(62)	642	704	-	704

a) *Foreign currency translation reserve*
The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign operations

b) *Employee equity benefits reserve*
The employee share option reserve is used to record the value of equity benefits provided to executives as part of their remuneration. Refer to Note 21 for further details of these plans

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
17. ACCUMULATED LOSSES AND DIVIDENDS					
Accumulated losses					
Operating profit after tax		8,101	8,046	8,356	7,998
Accumulated losses at the beginning of the financial year		(76,297)	(84,343)	(76,349)	(84,347)
Total available for appropriation		(68,196)	(76,297)	(67,993)	(76,349)
Dividends provided for or paid		-	-	-	-
Accumulated losses at the end of the financial year		(68,196)	(76,297)	(67,993)	(76,349)

Dividends
No dividends were paid or provided for during the year (2006: nil).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

		Minimum future lease payments				Present value of minimum future lease payments			
		Consolidated		Parent		Consolidated		Parent	
	Note	2007 $000's	2006 $000's	2007 $000's	2006 $000's	2007 $000's	2006 $000's	2007 $000's	2006 $000's
18. COMMITMENTS									
(a) **Hire purchase commitments**									
Hire purchase commitments on plant and equipment are payable as follows:									
- not later than one year		2,651	838	2,651	838	2,100	731	2,100	731
- later than one year but not later than five years		6,374	1,107	6,374	1,107	5,557	1,038	5,557	1,038
Total minimum hire purchase payments		9,025	1,945	9,025	1,945	7,657	1,769	7,657	1,769
- future finance charges		(1,368)	(176)	(1,368)	(176)	-	-	-	-
- net hire purchase liability		7,657	1,769	7,657	1,769	7,657	1,769	7,657	1,769
Reconciled to:									
Current	13					2,100	731	2,100	731
Non-current	13					5,557	1,038	5,557	1,038
						7,657	1,769	7,657	1,769

Hire purchase contracts are entered into as a means of funding the acquisition of plant and equipment. Repayments on hire purchase contracts are generally fixed.

		2007 $000's	2006 $000's	2007 $000's	2006 $000's	2007 $000's	2006 $000's	2007 $000's	2006 $000's
(b) **Finance lease commitments**									
Finance lease commitments on plant and equipment are payable as follows:									
- not later than one year		3,169	1,027	3,169	1,027	2,570	886	2,570	886
- later than one year but not later than five years		6,579	1,265	6,579	1,265	5,619	1,190	5,619	1,190
Total minimum finance lease payments		9,748	2,292	9,748	2,292	8,189	2,076	8,189	2,076
- future finance charge		(1,559)	(216)	(1,559)	(216)	-	-	-	-
		8,189	2,076	8,189	2,076	8,189	2,076	8,189	2,076
Reconciled to:									
Current	13					2,570	886	2,570	886
Non current	13					5,619	1,190	5,619	1,190
						8,189	2,076	8,189	2,076

Finance leases are entered into as a means of funding the acquisition of plant and equipment. Repayments on finance leases are generally fixed.

		2007 $000's	2006 $000's	2007 $000's	2006 $000's	2007 $000's	2006 $000's	2007 $000's	2006 $000's
(c) **Equipment finance commitments**									
Equipment finance commitments are payable as follows:									
- not later than one year		5,644	4,176	5,644	4,176	4,614	3,150	4,614	3,150
- later than one year but not later than five years		9,276	9,966	9,276	9,966	8,463	8,772	8,463	8,772
Total minimum equipment finance payments		14,920	14,142	14,920	14,142	13,077	11,922	13,077	11,922
- future finance charge		(1,843)	(2,220)	(1,843)	(2,220)	-	-	-	-
		13,077	11,922	13,077	11,922	13,077	11,922	13,077	11,922
Reconciled to:									
Current	13					4,614	3,150	4,614	3,150
Non Current	13					8,463	8,772	8,463	8,772
						13,077	11,922	13,077	11,922

Equipment finance contracts are entered into as a means of funding the acquisition of plant and equipment. Repayments on equipment finance contracts are generally fixed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's

18. COMMITMENTS (Cont)

At 30 June 2007 the company had commitments of $2,659,000 (2006: $4,411,000) principally relating to the acquisition of new explosive and service trucks and blast hole rigs. Subsequent to 30 June 2007, the Company has entered into additional commitments of $14.0 million to acquire further drilling rigs during the year ending June 2008.

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
(d) **Capital commitments**					
- not later than one year		2,659	4,411	2,659	4,411
(e) **Operating lease commitments**					
- not later than one year		285	270	285	252
- later than one year but not later than five years		433	642	433	642
- later than five years		-	-	-	-
		718	912	718	894

Operating leases are entered into as a means of acquiring access to property, plant and equipment. Repayments on operating leases are generally fixed and no renewal or purchase options exist. The average lease term of the operating leases is 28 months.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
19. OTHER FINANCIAL ASSETS (NON-CURRENT)				
Investments in controlled entities				
Rockbreaking Solutions Pty Ltd	-	-	1,000	1,000
Less allowance for impairment	-	-	(250)	(250)
	-	-	750	750

The consolidated financial statements at 30 June 2007 include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

Name of controlled entity	Notes	Principal Activities	Place of incorporation/ formation	% of shares held 2007	% of shares held 2006
Rockbreaking Solutions Pty Ltd	(a)(d)	Holding company – Rock-breaking technologies	Australia	100	100
RockMin Pty Ltd	(b)(d)	Rock-breaking technologies	Australia	100	100
RockTek Limited	(b)	Rock-breaking technologies	Australia	100	100
RockTek USA Ltd	(c)(d)	Rock-breaking technologies	USA	100	100

(a) These companies are direct subsidiaries of Brandrill Limited.
(b) These companies are direct subsidiaries of Rockbreaking Solutions Pty Ltd.
(c) This company is a direct subsidiary of RockTek Limited.
(d) These companies have not been audited as they do not require an audit under the relevant corporations laws.

All companies only carry on business in their country of incorporation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

20. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

VH Pendal	Chairman (non executive)
KR Perry	Managing Director
JR Nicholls	Director (non executive)
IJ Williams	Director (non executive) (appointed 1 August 2006)
U Cario	Director (non executive) (appointed 21 February 2007)
S Withana	Director (non executive) (resigned 21 February 2007)

(ii) Executives

JW Branson	General Manager Business Development
W Fair	General Manager Operations
P Werrett	Chief Financial Officer & Company Secretary
N Rogers	General Manager Corporate OSH
A Tamlin	Manager Operations
M Kostarelas	Manager Surface Contracting
H Branson	Operations Manager Queensland
A Hickey	General Manager RockTek

There were no changes to key management personnel between the reporting date and the date the financial report was authorised for issue.

(b) Compensation of Key Management Personnel

	Consolidated		Parent	
	2007 $000's	2006 $000's	2007 $000's	2006 $000's
Short-term employee benefits	2,498	2,079	2,498	2,079
Post-employment benefits	418	241	418	241
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payment	331	244	331	244
	3,247	2,564	3,247	2,564

Brandrill Limited has applied the option under Corporations Amendments Regulations 2006 to transfer key management personnel remuneration disclosures required by AASB 124 Related Party Disclosures paragraph AUS 25.4 to AUS 25.7.2 to the Remuneration Report section of the Directors Report. These transferred disclosures have been audited.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

20. DIRECTOR AND EXECUTIVE DISCLOSURES (Cont)

(c) Option Holdings of Key Management Personnel

30 June 2007	Balance at beginning of period 1 Jul 2006	Granted as Remuneration	Options Exercised	Net Change Other #	Balance at end of period 30 Jun 2007	Vested at 30 June 2007		
						Total	Exercisable	Not Exercisable
Non-Executive Directors								
V H Pendal	-	-	-	-	-	-	-	-
J R Nicholls[5]	-	-	-	-	-	-	-	-
IJ Williams[3]	-	-	-	-	-	-	-	-
U Cario[1]	-	-	-	-	-	-	-	-
S Withana[2]	-	-	-	-	-	-	-	-
Executive Directors								
K R Perry	10,000,000	-	-	-	10,000,000	-	-	-
Executives								
J W Branson	1,500,000	-	-	-	1,500,000	1,500,000	500,000	1,000,000
W B Fair	1,500,000	-	-	-	1,500,000	1,500,000	500,000	1,000,000
P Werrett	1,500,000	-	-	-	1,500,000	1,500,000	500,000	1,000,000
N Rogers	1,000,000	-	-	-	1,000,000	1,000,000	400,000	600,000
A Tamlin	1,000,000	-	-	-	1,000,000	1,000,000	400,000	600,000
M. Kostarelas	1,000,000	-	-	-	1,000,000	1,000,000	400,000	600,000
H Branson	1,000,000	-	-	-	1,000,000	1,000,000	400,000	600,000
A. Hickey	-	-	-	-	-	-	-	-
Total	**18,500,000**	**-**	**-**	**-**	**18,500,000**	**8,500,000**	**3,100,000**	**5,400,000**

30 June 2006	Balance at beginning of period 1 Jul 2005	Granted as Remuneration	Options Exercised	Net Change Other #	Balance at end of period 30 Jun 2006	Vested at 30 June 2006		
						Total	Exercisable	Not Exercisable
Non-Executive Directors								
V H Pendal	-	-	-	-	-	-	-	-
P Collins[4]	-	-	-	-	-	-	-	-
S Withana[2]	-	-	-	-	-	-	-	-
R Middleton-Jones[6]	-	-	-	-	-	-	-	-
J R Nicholls[5]	-	-	-	-	-	-	-	-
Executive Directors								
K R Perry	-	10,000,000	-	-	10,000,000	-	-	-
Executives								
J W Branson	-	1,500,000	-	-	1,500,000	1,500,000	-	1,500,000
W B Fair	600	1,500,000	-	(600)	1,500,000	1,500,000	-	1,500,000
P Werrett	-	1,500,000	-	-	1,500,000	1,500,000	-	1,500,000
N Rogers	400	1,000,000	-	(400)	1,000,000	1,000,000	-	1,000,000
A Tamlin	500	1,000,000	-	(500)	1,000,000	1,000,000	-	1,000,000
M. Kostarelas	400	1,000,000	-	(400)	1,000,000	1,000,000	-	1,000,000
H Branson	-	1,000,000	-	-	1,000,000	1,000,000	-	1,000,000
A. Hickey	-	-	-	-	-	-	-	-
Total	**1,900**	**18,500,000**	**-**	**(1,900)**	**18,500,000**	**8,500,000**	**-**	**8,500,000**

Includes forfeits and cancelled options

1. Mr Cario was appointed as a Non-Executive Director on 21 February 2007
2. Mr Withana resigned as a Non-Executive Director on 21 February 2007.
3. Mr Williams was appointed as a Non-Executive Director on 1 August 2006.
4. Mr Collins resigned as a Non-Executive Director on 31 January 2006.
5. Mr Nicholls was appointed as a Non-Executive Director on 31 January 2006 and resigned as an Alternate Director on that date.
6. Mr Middleton-Jones resigned as a Non-Executive Director on 28 July 2005.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

20. DIRECTOR AND EXECUTIVE DISCLOSURES (Cont)

(d) Share holdings of Key Management Personnel

30 June 2007	Fully Paid Ordinary Shares (BDL)					
	Balance at beginning of period 1 Jul 2006	Granted as Remuneration	On Conversion of Mandatory Converting Notes	On Exercise of Options	Net Change Other	Balance at end of period 30 Jun 2007
Non-Executive Directors						
V H Pendal	2,000,000	-	-	-	-	2,000,000
J R Nicholls[1]	639,325	-	-	-	-	639,325
I J Williams	-	-	-	-	80,000	80,000
U Cario	-	-	-	-	180,148	180,148
S Withana[1+2]	-	-	-	-	-	-
Executive Directors						
K R Perry	708,670	-	-	-	-	708,670
Executives						
J W Branson	132,514	-	-	-	-	132,514
W Fair	15,149	-	-	-	-	15,149
P Werrett	-	-	-	-	-	-
N Rogers	-	-	-	-	-	-
A Tamlin	-	-	-	-	-	-
M Kostarelas	-	-	-	-	-	-
H Branson	-	-	-	-	-	-
A Hickey	-	-	-	-	-	-
Total	**3,495,658**	**-**	**-**	**-**	**260,148**	**3,755,806**

1) Messrs Withana and Nicholls are Directors of Harmony Investment Fund Limited ("Harmony"). Harmony was, until 23 July 2007, a substantial shareholder of the Company.
2) Mr Withana resigned as a Director on 21 February 2007.

All equity transactions with specified Directors and specified executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

30 June 2006	Fully Paid Ordinary Shares (BDL)					
	Balance at beginning of period 1 Jul 2005	Granted as Remuneration	On Conversion of Mandatory Converting Notes	On Exercise of Options	Net Change Other	Balance at end of period 30 Jun 2006
Non-Executive Directors						
V H Pendal	1,000,000	-	-	-	1,000,000	2,000,000
P Collins[1+2]	-	-	-	-	-	-
S Withana[1+4+5]	-	-	-	-	-	-
R Middleton-Jones[1+3]	-	-	-	-	-	-
J R Nicholls[4]	639,325	-	-	-	-	639,325
Executive Directors						
K R Perry	559,670	-	-	-	149,000	708,670
Executives						
J W Branson	132,514	-	-	-	-	132,514
W Fair	14,073	-	1,076	-	-	15,149
P Werrett	-	-	-	-	-	-
N Rogers	-	-	-	-	-	-
A Tamlin	-	-	-	-	-	-
M Kostarelas	-	-	-	-	-	-
H Branson	16	-	-	-	(16)	-
A Hickey	-	-	-	-	-	-
Total	**2,345,598**	**-**	**1,076**	**-**	**1,148,984**	**3,495,658**

1) Messrs Collins, Withana and Middleton-Jones were employees of Mizuho International plc, previously a substantial shareholder of the Company.
2) Mr Collins resigned as a Director on 31 January 2006.
3) Mr Middleton-Jones resigned as a Director on 28 July 2005.
4) Messrs Withana and Nicholls are Directors of Harmony Investment Fund Limited ("Harmony"). Harmony was, until 23 July 2007, a substantial shareholder of the Company.
5) Mr Withana resigned as a Director on 21 February 2007.

All equity transactions with specified Directors and specified executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

20. DIRECTOR AND EXECUTIVE DISCLOSURES (Cont)

(e) Loans to Key Management Personnel

No loans were owing by key management personnel at 30 June 2007 (2006: nil).

(f) Other Key Management Benefits

During the year the consolidated entity renewed the Directors' and Officers' Liability Insurance Policy. The cost of the policy was $34,026 (2006: $41,116).

This policy insures Directors and Officers of the consolidated entity against certain liabilities incurred by them as Directors and Officers of the consolidated entity. The contract of insurance prohibits disclosure of the nature of the liabilities insured against.

(g) Other transactions with Key Management Personnel

During the year there were no other transactions conducted with Key Management Personnel.

21. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS

(a) Employee Benefits recognised

	Consolidated		Parent	
Assets and liabilities from employee benefits are as follows:	2007 $000's	2006 $000's	2007 $000's	2006 $000's
Aggregate employee benefits liability (refer Note 14)	3,797	2,537	3,797	2,535

	Consolidated		Parent	
	2007	2006	2007	2006
The number of full-time equivalents employed as at balance date.	457	410	450	406

(b) Superannuation Commitments

The consolidated entity does not maintain its own in-house superannuation plan. Contributions as required by the Superannuation Guarantee Levy are paid to complying superannuation funds. As at 30 June 2007 contributions totalling $236,227 (2006:$316,000) remained outstanding, in the normal course of business.

(c) Managing Director and Senior Executive Option Plans

At the Annual General Meeting held on 23 November 2005, shareholder approval was obtained for the establishment of a:

1. Managing Director Option Plan; and
2. Brandrill Senior Executive Option Plan

Under the Managing Director Option Plan, shareholders approved the granting of 10,000,000 options to the Managing Director, Mr Ken Perry. The options were issued free of charge on 31 January 2006. Of the 10,000,000 options, 5,000,000 options have an exercise price of 10 cents and 5,000,000 options have an exercise price of 15 cents. The options vest on 1 July 2008 and will expire on 1 July 2010.

In addition, shareholders also approved the establishment of the Brandrill Senior Executive Option Plan to provide for the granting, from time to time, of options to senior executives of the Company.

On 31 January 2006 and 30 March 2006 a total of 12,500,000 options exercisable at 15 cents were issued under this Plan. The options vest in three tranches on 31 December 2006, 31 December 2007 and 31 December 2008. All Senior Executive Options expire on 31 December 2010.
The range of exercise prices for options outstanding at the end of the year was $0.10 to $0.15 (2006: $0.10 to $0.15).

There were no options granted during the 30 June 2007 year. The weighted average fair value of options granted during the 30 June 2006 financial year was $0.046.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

21. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS (Cont)

The fair value of the options granted at the date of grant was calculated using the Binomial model and taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 June 2006.

	Managing Director Options		Senior Executive Options		
Grant Date	23-Nov-05		31-Jan-06		
Volatility	66.9%		68.9%		
Risk free rate	5.75%		5.75%		
Share price at grant date	$0.081		$0.120		
Exercise price of options	$0.10 and $0.15		$0.15		
Expected dividend yield	nil		nil		
Number of options issued	5,000,000	5,000,000	4,700,000	3,900,000	3,900,000
Vesting date	1-Jul-08	1-Jul-08	31-Dec-06	31-Dec-07	31-Dec-08
Expected life of options	5.0	5.0	1.9	2.9	3.9

i) Options held at the beginning of the reporting period :

Number of options	Grant date	Vesting date	Expiry date	Weighted average exercise price
5,000,000	31 Jan 2006	1 Jul 2008	1 Jul 2010	$0.10
5,000,000	31 Jan 2006	1 Jul 2008	1 Jul 2010	$0.15
4,700,000	31 Jan 2006	31 Dec 2006	31 Dec 2010	$0.15
3,900,000	31 Jan 2006	31 Dec 2007	31 Dec 2010	$0.15
3,900,000	31 Jan 2006	31 Dec 2008	31 Dec 2010	$0.15

ii) Options exercised

No options were exercised during the year ended 30 June 2007.

iii) Options held at the end of the reporting period:

The following table summarises information about options held by employees as at 30 June 2007

Number of options	Grant date	Vesting date	Expiry date	Weighted average exercise price
5,000,000	31 Jan 2006	1 Jul 2008	1 Jul 2010	$0.10
5,000,000	31 Jan 2006	1 Jul 2008	1 Jul 2010	$0.15
4,700,000	31 Jan 2006	31 Dec 2006	31 Dec 2010	$0.15
3,900,000	31 Jan 2006	31 Dec 2007	31 Dec 2010	$0.15
3,900,000	31 Jan 2006	31 Dec 2008	31 Dec 2010	$0.15

iv) Employee options in Brandrill Limited are not listed. No issue price is payable for the options.

v) The exercise price is payable in full at the time of exercise.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

22. RELATED PARTY DISCLOSURES

(a) **Transactions with Related Parties in the wholly owned group**

(i) The parent entity entered into the following transactions during the year with related parties in the wholly owned group:

- loans were advanced and interest was not charged (refer Note 7).
- goods were purchased and sold between entities.

These transactions were undertaken on commercial terms and conditions, except for loans to wholly owned subsidiaries incorporated in Australia, which are interest free.

(ii) Amounts due and receivable from related parties in the wholly owned group are listed below:

	Parent	
	2007 **$000's**	**2006** **$000's**
Amounts due		
- Rockbreaking Solutions Pty Ltd	9,446	9,446
- Rockmin Pty Ltd	8,551	8,326
- RockTek Limited	20,937	20,937
- RockTek USA Ltd	1,745	1,178
	40,679	39,887
Less allowance for impairment	(40,679)	(39,887)
Total	**-**	**-**

(iii) Ownership Interests
The ownership interests in the related parties in the wholly-owned group are set out in Note 19.

(b) **Ultimate parent**

Brandrill Limited is the ultimate parent Company.

23. SEGMENT INFORMATION

Segment products and locations

The consolidated entity's operating companies are organised and managed separately according to the nature of the products and services they provide, with each segment offering different products and serving different markets.

The contracting segment operated in Australia. Contracting includes open cut and underground mining services and civil excavation services.

The RockTek segment operates in Australia and the USA . The operations are centered on the new rock-breaking technologies. These are principally its wholly owned PCF® non-explosive rock-breaking technologies and associated in-situ explosive rock-breaking technologies.

Geographically the group operated in two segments, being Australia and the USA.

Segment accounting policies

The group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices. Revenues are attributed to geographic area based on the location of the assets producing the revenues.

Segment accounting policies are the same as the consolidated entity's policies described in Note 2.
During the financial year there were no changes in segment accounting policies that had a material effect on the segment information.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

23. SEGMENT INFORMATION (continued) – PRIMARY SEGMENT

	Contracting		RockTek		Consolidated	
	2007 $000's	2006 $000's	2007 $000's	2006 $000's	2007 $000's	2006 $000's
Business segments						
Revenue						
Sales to customers outside the consolidated entity	122,682	100,930	1,081	1,466	123,763	102,396
Other revenues from customers outside the consolidated entity	504	590	6	200	510	790
Total Segment Revenue	123,186	101,520	1,087	1,666	124,273	103,186
Non-segment revenues						
Interest revenue					439	139
Inter-segment elimination					-	(200)
Total consolidated revenue					124,712	103,125
Results						
Segment result	12,940	8,659	(794)	(484)	12,146	8,175
Non segment expenses and significant items						
Finance costs					(2,054)	(1,812)
Unallocated expenses					-	(200)
Consolidated entity profit before income tax					10,092	6,163
Income tax (expense)/benefit					(1,991)	1,883
Consolidated entity profit after income tax					8,101	8,046
Assets						
Segment assets	82,298	59,736	999	1,146	83,297	60,882
Liabilities						
Segment liabilities	46,757	32,658	187	251	46,944	32,909
Other Segment Information:						
Depreciation	8,623	7,170	31	5	8,654	7,175
Amortisation	-	34	-	-	-	34
Acquisition of property, plant and equipment, intangible and other non-current assets	28,351	17,025	36	-	28,387	17,025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

23. SEGMENT INFORMATION (continued) – SECONDARY SEGMENT

Geographic Segments	**Australia**		**United States**		**Consolidated**	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**	$000's
Segment revenue	123,533	102,166	740	1,020	124,273	103,186
Segment assets	82,672	60,087	625	795	83,297	60,882
Consolidated profit after income tax	8,727	8,574	(626)	(528)	8,101	8,046
Acquisition of plant and equipment, intangible and other non-current assets	28,383	17,025	4	-	28,387	17,025

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	Notes	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
24. CASH FLOW STATEMENT					
(a) **Reconciliation of net profit after tax to net cash flows from operations**					
Net profit/(loss)		8,101	8,046	8,356	7,998
Non-Cash Items					
- profit on sale of fixed assets		(336)	(69)	(336)	(69)
- gain on re-financing		-	(349)	-	(349)
- amortisation and depreciation		8,654	7,209	8,623	7,204
- unrealised exchange gain		23	6	-	-
- share based payments		403	301	403	301
- capitalised borrowing costs written off		-	136	-	136
- movement of diminution in inventory		-	132	-	-
- write off of stock		59	157	59	157
Changes in assets and liabilities					
Inventories - (increase)/decrease		(2,120)	(651)	(1,977)	(989)
Receivables - (increase)/decrease		(4,500)	(3,519)	(4,655)	(3,146)
Other operating assets - (increase)/decrease		249	(487)	244	(487)
Deferred income tax – (increase)/decrease		1,991	(1,883)	1,738	(1,958)
Trade and other creditors – increase/(decrease)		(818)	2,223	(979)	2,134
Provisions - increase/(decrease)		1,326	680	2,120	678
Other operating liabilities – increase/(decrease)		(134)	159	136	1,279
Net cash flow from operating activities		12,898	12,091	13,732	12,889
(b) **Reconciliation of cash**					
For the purposes of the cash flow statement cash and cash equivalents comprise the following at 30 June:					
Cash on hand		1	32	1	32
Cash at bank		5,956	9,095	5,953	9,003
		5,957	9,127	5,954	9,035

(c) **Non Cash Financing and Investing Activities**

The consolidated entity acquired plant and equipment with an aggregate fair value of $13,935,000 (2006: $10,219,000) by means of lease, hire purchase or equipment finance and entered into financing agreements for $1,137,000 relating to insurance premium funding. These acquisitions are not reflected in the Cash Flow Statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

25. FINANCING ARRANGEMENTS

(a) The consolidated entity had access to the following financing facilities as at the end of the financial year:

	2007 Accessible $000's	2007 Drawn Down $000's	2007 Unused $000's	2006 Accessible $000's	2006 Drawn Down $000's	2006 Unused $000's
Insurance premium funding	106	106	-	188	188	-
Working capital facility	5,000	2,000	3,000	5,000	2,000	3,000
Hire purchase liabilities	7,657	7,657	-	1,769	1,769	-
Equipment loans	13,077	13,077	-	11,922	11,922	-
Finance lease	8,189	8,189	-	2,076	2,076	-
	34,029	**31,029**	**3,000**	**20,955**	**17,955**	**3,000**

(b) The parent entity had access to the following financing facilities as at the end of the financial year:

	2007 Accessible $000's	2007 Drawn Down $000's	2007 Unused $000's	2006 Accessible $000's	2006 Drawn Down $000's	2006 Unused $000's
Insurance premium funding	106	106	-	188	188	-
Working capital facility	5,000	2,000	3,000	5,000	2,000	3,000
Hire purchase liabilities	7,657	7,657	-	1,769	1,769	-
Equipment loans	13,077	13,077	-	11,922	11,922	-
Finance lease	8,189	8,189	-	2,076	2,076	-
	34,029	**31,029**	**3,000**	**20,955**	**17,955**	**3,000**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

26. BUSINESS COMBINATION

Acquisition of P&H MinePro Drilling Management Services Business

On 24 October 2006 Brandrill Limited purchased the drilling management services business operated by P&H MinePro.

The total cost of the purchase including acquisition expenses was $5,145,000 which was paid in cash. Brandrill Limited funded the acquisition through borrowings.

Brandrill Limited acquired 11 large drill rigs, assets, stock and 35 staff providing drilling services in the Bowen Basin in Queensland and the Hunter Valley in New South Wales.

The fair value of the identifiable assets and liabilities of the drilling management services business acquired as at the date of acquisition are:

	CONSOLIDATED
	On Acquisition $'000
Property, plant & equipment	4,833
Inventories	419
Deferred tax asset	49
	5,301
Provision for employee entitlements	(156)
Fair value of identifiable net assets	5,145
Cost of the combination:	
Cash paid to vendor	4,934
Costs associated with the acquisition	211
Total cost of the combination	5,145
The cash outflow on acquisition is as follows:	
Cash paid	5,145

Following the acquisition of the 11 drill rigs, the drilling management service business of P&H MinePro was absorbed into the pre-existing coal division of Brandrill Limited, which then operated 13 rigs, with headquarters in Emerald in the Bowen Basin. The immediate absorption of the P&H business into Brandrill, including utilisation of management and maintenance infrastructures existing within the Emerald regional office and workshop, make it impractical to determine the profit generated by the P&H rigs for the period from the date of acquisition to 30 June 2007. Similarly, it is not practicable to determine the revenue and profit which would have been generated by the P&H rigs if they had been acquired on 1 July 2006.

As Brandrill did not acquire a legal entity on the P&H acquisition, the carrying value of the assets and liabilities immediately prior to acquisition are unknown.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) **Contingent assets**

The parent Company and the consolidated entity have a number of outstanding contractual variations and claims subject to negotiation and arbitration.

No amounts have been accrued at 30 June 2007 for anticipated settlement proceeds which will be brought to account when the quantum of the variations and claims have been agreed with the applicable counter parties.

(b) **Contingent liabilities**

No contingent liabilities have been identified.

28. SUBSEQUENT EVENTS

Brandrill entered into agreements to acquire the exploration drilling business of Strange Drilling, and to acquire the drilling rig hire business of Strange Investments. These acquisitions include eight RC drill rigs, an operating base in Kalgoorlie and an experienced staff of 25. The total acquisition cost is $26 million with an initial payment of $22 million which was made on 14 August 2007. The balance of $4 million is payable in November 2007.

Brandrill also entered into an agreement to acquire a 70% interest in the haul truck lightweight tray business, DT-Hi Load Australia Pty Ltd for US$3.0 million from the existing Chilean parent company. DT-Hi Load Australia is the Australian subsidiary based in Perth and has a staff of 22.

DT- Hi Load haul truck lightweight trays are of a patented design and have been sold predominantly in South America since 1996. Today, there are over 700 trays in operation world wide on a variety of OEM trucks. Due to their lightweight construction, the trays allow 10-15% more carrying capacity for haul trucks with additional fuel and tyre savings and are increasingly gaining acceptance from the Australian resource sector. DT-Hi Load is expected to turnover $20 million in 2007-08 and contribute $4-5 million in EBITA (on a 100% basis).

In June 2007, Brandrill provided a $2.0 million secured working capital facility to DT-Hi Load (refer note 7) and, in August 2007, provided a further $2.0 million working capital under the secured loan agreement.

The total acquisition costs of these two transactions totals approximately $30 million which has been funded from a placement of 47.8 million shares at $0.25 per share which was completed on 23 July 2007, and from a Shareholder Purchase Plan limited to 12.0 million shares also at $0.25 per share, which closed as fully subscribed on 3 August 2007.

These capital raisings provide a combined $15 million (before costs). In addition, the Company has raised a further $16.9 million through equipment finance loans to fund these acquisitions.

The financial impact of the acquisitions has not been disclosed as it is not practical to do so at the date of this Report, as the financial projections for both acquisitions are only indicative at the date of this Report.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	Consolidated 2007 $'000s	2006 $'000s
29. EARNINGS PER SHARE		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Profit used in calculating basic earnings per share	8,101	8,046
	2007 Number of shares	**2006 Number of shares**
Weighted average number of ordinary shares used in calculating basic earnings per share:	318,623,103	303,832,757
	2007 $000's	**2006 $000's**
Effect of dilutive securities:		
Profit used in calculating basic earnings per share	8,101	8,046
Interest on mandatory converting notes	-	97
Share options	53	68
Profit used in calculating diluted earnings per share	8,154	8,211
	2007 Number of shares	**2006 Number of shares**
Weighted average number of ordinary shares used in calculating diluted earnings per share:	341,123,103	313,079,333

Conversions, calls, subscription or issues after 30 June 2007

Since 30 June 2007, the following shares have been issued:

- 23 July 2007 — 47,790,000 fully paid ordinary shares at 25 cents per share pursuant to a Placement to raise $11,947,500
- 7 August 2007 — 500,000 fully paid ordinary shares at 15 cents per share being the exercise of senior executive options
- 13 August 2007 — 400,000 fully paid ordinary shares at 15 cents per share being the exercise of senior executive options
- 15 August 2007 — 12,000,000 fully paid ordinary shares at 25 cents per share pursuant to a Share Purchase Plan to raise $3.0 million
- 20 August 2007 — 200,000 fully paid ordinary shares at 15 cents per share being the exercise of senior executive options

The above issue of shares includes the conversion of a total 1,100,000 senior executive options. In addition, 500,000 senior executive options have lapsed subsequent to the year end.

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

30. FINANCIAL INSTRUMENTS

The Group's principal financial instruments are cash and short term deposits, loans, a working capital facility, hire purchase and finance leases. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group does not enter into derivative transactions. The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk and credit risk. The Board reviews and agrees policies for managing each of these risks.

(a) Interest rate risk

The consolidated entity does not enter into any interest rate swaps, forward rate agreements, interest rate options or similar derivatives.

Where possible, the consolidated entity enters into fixed interest rate financing facilities to reduce its exposure to interest rate fluctuations.

The consolidated entity's exposure to interest rate risk, together with the effective interest rate for classes of financial assets and liabilities is set out below:

30 June 2007		**Floating Interest Rate**	**Fixed Interest Maturing in:**					**Non Interest Bearing**	**Total**	**Weighted Average Effective Interest Rate**
CONSOLIDATED	**Note**	**$'000**	**< 1 year $'000**	**>1 to<2 Years $'000**	**>2 to<3 Years $'000**	**>3 to<4 Years $'000**	**>4 Years $'000**	**$'000**	**$'000**	**%**
Financial Assets										
Term deposits		-	1,031	-	-	-	-	-	1,031	6.35
Cash		4,925	-	-	-	-	-	-	4,925	5.69
Other cash		1	-	-	-	-	-	-	1	-
Receivables	7	-	-	-	-	-	-	19,198	19,198	-
		4,926	1,031	-	-	-	-	19,198	25,155	-

Financial Liabilities										
Trade and other payables	12	-	-	-	-	-	-	12,118	12,118	-
Finance lease liability	13	-	2,570	1,528	1,339	1,464	1,288	-	8,189	8.90
Hire purchase liability	13	-	2,100	1,735	1,658	1,413	751	-	7,657	7.79
Equipment loans	13	-	4,614	5,031	2,896	536	-	-	13,077	8.53
Working capital facility	13	-	2,000	-	-	-	-	-	2,000	11.50
Insurance premium funding	13	-	106	-	-	-	-	-	106	4.04
Total		**-**	**11,390**	**8,294**	**5,893**	**3,413**	**2,039**	**12,118**	**43,147**	**-**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

30. FINANCIAL INSTRUMENTS (Cont)

30 June 2007		**Floating Interest Rate**	**Fixed Interest Maturing in:**					**Non Interest Bearing**	**Total**	**Weighted Average Effective Interest Rate**
PARENT	**Note**	**$'000**	**< 1 year $'000**	**>1 to<2 Years $'000**	**>2 to<3 Years $'000**	**>3 to<4 Years $'000**	**>4 Years $'000**	**$'000**	**$'000**	**%**
Financial Assets										
Term deposits		-	1,031	-	-	-	-	-	1,031	6.35
Cash		4,922	-	-	-	-	-	-	4,922	5.69
Other cash		1	-	-	-	-	-	-	1	-
Receivables	7	-	-	-	-	-	-	18,880	18,880	-
		4,923	1,031	-	-	-	-	18,880	24,834	-
Financial Liabilities										
Trade and other payables	12	-	-	-	-	-	-	11,931	11,931	-
Finance lease liability	13	-	2,570	1,528	1,339	1,464	1,288	-	8,189	8.90
Hire purchase liability	13	-	2,100	1,735	1,658	1,413	751	-	7,657	7.79
Equipment loans	13	-	4,614	5,031	2,896	536	-	-	13,077	8.53
Working capital facility	13	-	2,000	-	-	-	-	-	2,000	9.90
Insurance premium funding	13	-	106	-	-	-	-	-	106	4.04
Total			**11,390**	**8,294**	**5,893**	**3,413**	**2,039**	**11,931**	**42,960**	**-**

30 June 2006		**Floating Interest Rate**	**Fixed Interest Maturing in:**					**Non Interest Bearing**	**Total**	**Weighted Average Effective Interest Rate**
CONSOLIDATED	**Note**	**$'000**	**< 1 year $'000**	**>1 to<2 Years $'000**	**>2 to<3 Years $'000**	**>3 to<4 Years $'000**	**>4 Years $'000**	**$'000**	**$'000**	**%**
Financial Assets										
Term deposits		-	30	-	-	-	-	-	30	5.55
Cash		9,095	-	-	-	-	-	-	9,095	5.50
Other cash		2	-	-	-	-	-	-	2	-
Receivables	7	-	-	-	-	-	-	14,694	14,694	-
		9,097	30	-	-	-	-	14,694	23,821	-
Financial Liabilities										
Trade and other payables	12	-	-	-	-	-	-	12,417	12,417	-
Finance lease liability	13	-	886	885	305	-	-	-	2,076	9.15
Hire purchase liability	13	-	731	688	263	87	-	-	1,769	8.85
Equipment loans	13	-	3,150	3,453	3,784	1,535	-	-	11,922	8.96
Working capital facility	13	-	-	2,000	-	-	-	-	2,000	8.19
Insurance premium funding	13		188	-	-	-	-	-	188	4.76
Total		**-**	**4,955**	**7,026**	**4,352**	**1,622**	**-**	**12,417**	**30,372**	**-**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

30. FINANCIAL INSTRUMENTS (Cont)

30 June 2006		**Floating Interest Rate**	**Fixed Interest Maturing in:**					**Non Interest Bearing**	**Total**	**Weighted Average Effective Interest Rate**
PARENT	**Note**	**$'000**	**< 1 year $'000**	**>1 to<2 Years $'000**	**>2 to<3 Years $'000**	**>3 to<4 Years $'000**	**>4 Years $'000**	**$'000**	**$'000**	**%**
Financial Assets										
Term deposits		-	30	-	-	-	-	-	30	5.55
Cash		9,003	-	-	-	-	-	-	9,003	5.50
Other cash		2	-	-	-	-	-	-	2	-
Receivables	7	-	-	-	-	-	-	14,184	14,184	-
		9,005	30	-	-	-	-	14,184	23,219	-
Financial Liabilities										
Trade and other payables	12	-	-	-	-	-	-	12,168	12,168	-
Finance lease liability	13	-	886	885	305	-	-	-	2,076	9.15
Hire purchase liability	13	-	731	688	263	87	-	-	1,769	8.85
Equipment loans	13	-	3,150	3,453	3,784	1,535	-	-	11,922	8.96
Working capital facility	13	-	-	2,000	-	-	-	-	2,000	8.19
Insurance premium funding	13		188	-	-	-	-	-	188	4.76
Total		**-**	**4,955**	**7,026**	**4,352**	**1,622**	**-**	**12,168**	**30,123**	**-**

(b) Foreign exchange risk

The consolidated entity has not entered into any forward exchange contracts during the year.

The consolidated entity does not have any significant foreign exchange risk.

(c) Credit risk

The consolidated entity has a number of significant clients who represent a large portion of debtors and at balance date four of these debtors totalled approximately 70% of total trade debtors. These debtors are large, well-established companies whose creditworthiness is regularly monitored. If any one of these large debtors were to default then significant strain would be placed on the consolidated entity's cash flows.

It is the consolidated entities' strategy to enter into business relationships with only large and well established companies.

(d) Liquidity Risk

The consolidated entity's objective is to maintain a balance between continuity of funding and flexibility through the use of working capital facility, finance lease, hire purchase contracts and equipment loans.

(e) Net fair value of financial assets and liabilities

The consolidated entity monitors its working capital requirements on an ongoing basis.

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values.

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Independent Audit Report to Members of Brandrill Limited

We have audited the accompanying financial report of Brandrill Limited ("the company"), which comprises the balance sheet as at 30 June 2007 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities controlled at the year's end or from time to time during the financial year.

The company has disclosed information as required by paragraphs Aus25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("remuneration disclosures"), under the heading "Remuneration Report" on pages 11 to 15 of the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the consolidated/parent financial statements and notes, comply with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provisions of these services has not impaired our independence.

VT;HG;BRANDRILL;007

Auditor's Opinion

1. In our opinion, the financial report of Brandrill Limited is in accordance with the Corporations Act 2001, including :

   (i) giving a true and fair view of the financial position of Brandrill Limited and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

2. the consolidated/parent financial statements and notes or financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

3. the remuneration disclosures that are contained on pages 11 to 15 of the directors report comply with Accounting Standard AASB 124 Related Party Disclosures.

Ernst & Young

V W Tidy
Partner
Perth
Date: 30 August 2007

ADDITIONAL ASX INFORMATION

Shareholder Information

The shareholder information set out below was applicable as at 22 August 2007

Distribution of equity securities – fully paid ordinary shares (BDL)

- Analysis of the number of shareholders of ordinary shares by size of holding

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	%
1 - 1,000	586	199,028	0.05
1,001 - 5,000	575	1,645,485	0.43
5,001 - 10,000	362	2,939,587	0.78
10,001 - 100,000	1,402	45,849,173	12.08
100,001 and over	299	328,879,830	86.66
	3,224	**379,513,103**	**100.00**

- There were 764 holders of less than a marketable parcel of ordinary shares.
- The 20 largest shareholders held 65.65% of Brandrill's ordinary shares.

Twenty largest shareholders:

NAME	NUMBER OF ORDINARY SHARES	%
1. Pan Australian Nominees Pty Ltd	57,352,140	15.11
2. HSBC Custody Nominees Aust Ltd	48,499,469	12.78
3. Citicorp Nominees Pty Ltd	27,150,852	7.15
4. National Nominees Ltd	22,235,568	5.86
5. Zero Nominees Pty Ltd	19,200,000	5.06
6. JP Morgan Nominees Aust Ltd	17,953,425	4.73
7. Citicorp Nominees Pty Ltd – CFS Developing Companies	9,000,000	2.37
8. UBS Nominees Pty Ltd	8,288,022	2.18
9. Escor Investments Pty Ltd	6,681,250	1.76
10. CS Fourth Nominees Pty Ltd	6,343,118	1.67
11. Corry Lyn Pty Ltd	5,511,250	1.45
12. Jack Maresca	3,392,190	0.89
13. Troy Christopher Angus	2,671,250	0.70
14. Invia Custodian Pty Ltd	2,462,500	0.65
15. Macrae Holdings WA Pty Ltd	2,253,201	0.59
16. Ardlussa Pty Ltd	2,249,250	0.59
17. Janet Mercer	2,064,167	0.54
18. Victor HoogAntink	2,011,250	0.53
19. ASB Nominees Ltd	2,011,250	0.53
20. ANZ Nominees Ltd	1,943,926	0.51
TOTAL	**249,274,078**	**65.65**

Substantial Shareholders

- Substantial shareholders are:

NAME	NUMBER	%
Deutsche Bank (Pan Australian Nominees)	57,352,140	15.12
BT Investment Fund (Westpac Custodian Nominees)	46,043,891	12.14

ADDITIONAL ASX INFORMATION (Cont'd)

Unquoted Equity Securities

	NUMBER OF OPTIONS	NUMBER OF HOLDERS
Options issued under Directors' and Officers' Option Plan		
Managing Director Options		
▪ Options exercisable at $0.10 and expiring 1 July 2010	5,000,000	1
▪ Options exercisable at $0.15 and expiring 1 July 2010	5,000,000	1
Senior Executive Options		
▪ Options exercisable at $0.15 and expiring 31 December 2010	10,900,000	14

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Brandrill Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Brandrill Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The format of the Corporate Governance Statement has changed in comparison to the previous year due to the introduction of the Australian Stock Exchange Corporate Governance Council's ("the Council's") "Principles of Good Corporate Governance and Best Practice Recommendations" ("the Recommendations"). In accordance with the Council's recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with reasons for the departure. Brandrill's Corporate Governance Statement is now structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the Board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Encourage enhanced performance
Principle 9	Remunerate fairly and responsibly
Principle 10	Recognise the legitimate interests of stakeholders

Independence

Corporate Governance Council Recommendation 2.1 requires a majority of the Board to be independent directors. In addition, Recommendation 2.2 requires the chairperson of the Company to be independent. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with – or could reasonable be perceived to materially interfere with – the exercise of unfettered and independent judgement. In accordance with this definition, the following Directors are not considered independent by virtue of them being executives or Directors of substantial shareholders of the Company, and/or executives of the Company:

Name	Position
Mr Kenneth Royce Perry	Managing Director
Mr John Nicholls	Non Executive Director (appointed 31 January 2006)
Mr Suresh Withana	Non Executive Director (resigned 21 February 2007)

Mr Suresh Withana and Mr John Nicholls are Directors of Harmony Investment Fund Limited ("Harmony"). Harmony was, until 23 July 2007, a substantial shareholder of the Company. As such both Messrs Withana and Nicholls are not considered to be independent Directors, using the Council's definition of independence.

On 16 December 2004, Mr Vince Pendal was appointed Non Executive Chairman. Mr Pendal is considered to be independent.

On 1 August 2006, Mr Ian Williams was appointed as a Non Executive Director. Mr Williams is considered to be independent.

On 21 February 2007, Mr Ugo Cario was appointed as a Non Executive Director. Mr Cario is considered to be independent.

The Board believes that, given the size of the Company, it was not practical to have a majority of independent directors and in the context of the Company's recent history and financial status it was not considered appropriate to appoint further directors. Nonetheless, the Board takes the responsibilities of best practice in corporate governance seriously and intends to continue to review the composition of the Board as the Company's operations evolve, and appoint further independent directors as opportunities arise.

Audit Committee

Recommendation 4.3 requires an Audit Committee to consist of at least three members and that there be a majority of independent directors. Recommendation 4.4 requires an Audit Committee to adopt a formal charter.

The Audit Committee was established on 23 February 2005 following the reconstruction of the Company. The members comprise Mr V Pendal and Mr J Nicholls. Whilst the Board considers it a priority to restrict membership of the Audit Committee to independent directors, due to the current structure of the Board, it has not been possible to satisfy this requirement. The Board has appointed those members who best satisfy the requirements of financial skills, expertise and industry experience. The Board considers the composition of the Audit Committee satisfactory to properly discharge the duties of the Audit Committee.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Nomination Committee

Recommendation 2.4 requires listed entities to establish a nomination committee. During the year ended 30 June 2007, Brandrill did not have a separately established nomination committee, however, the duties and responsibilities typically delegated to such a committee are included in the responsibilities of the full Board.

Performance Evaluation Process

Recommendation 8.1 requires listed entities to disclose the process for performance evaluation of the Board, its committees and individual directors and key executives. This process has not yet been formalised. It is planned to review this recommendation during the coming year.

Director & Executive Code of Conduct

Recommendation 3.l requires the Company to establish a Code of Conduct to guide directors and executives as to policies to maintain the integrity of the Company and to report and investigate unethical practices.

Brandrill's corporate governance practices were in place throughout the year ended 30 June 2007, except where otherwise noted. With the exception of the departures from Corporate Governance Council recommendations in relation to independence, committees, Board performance evaluation, the corporate governance practices of Brandrill were compliant with Council's best practice recommendations.

Dealings in Company Securities

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with "inside information" and additional trading restrictions on the directors of the Company.

"Inside information" is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

Directors and employees are prohibited from trading in the Company's shares where they possess information which is not generally available and that information, if readily available, may have a material effect on the share price of the Company. Further, directors, officers and employees involved in the preparation and release of financial statements may not trade in the Company's shares for the period commencing four weeks prior to the announcement of the results.

Code of Ethics and Conduct

The Company has implemented a suite of policies including a Code of Business Conduct which provides guidelines aimed at maintaining high ethical standards and corporate behaviour. The principals of the policies include:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse company information, assets or resources;
- avoid real or perceived conflicts of interest;
- act in the best interest of stakeholders; and
- perform their duties in ways that minimise environmental impacts and maximise workplace safety.

Directors and employees are expected to comply with all Company policies and to act professionally with integrity, honesty and responsibility at all times.

Communication with Stakeholders

The Company places considerable importance on effective communications with shareholders and other stakeholders.
The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- Half Yearly Report
- Presentations at the Annual General Meeting/General Meeting; and
- Annual Report

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Continuous Disclosure

The Company's continuous disclosure policy has been adopted to ensure compliance with obligations under the continuous disclosure regime of the Corporations Law and the Listing Rules of the Australian Stock Exchange Limited and to ensure that all Brandrill shareholders have access to material information about the Company and its prospects.

The disclosure obligations include:

- All employees, Company officers and Directors must comply with the ASX Listing Rules and Corporations Law provisions relating to a timely disclosure of price sensitive information to the ASX. The Company does this by releasing written announcements to the ASX.
- The Company Secretary is accountable for the establishment, communication and maintenance of this policy and ensuring that material information is disclosed to the ASX.

Role of the Board

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day to day management of the Group.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executive directors and approving their remuneration;
- Appointing and removing the Company Secretary / Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Group and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Group's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved reflecting the Group's circumstances.

The Directors in office and the term of their appointment at the date of this statement are:

Name	**Position**	**Term in Office**
Mr Vince Pendal	Chairman, Non-Executive Director	Appointed 16/12/2004
Mr Kenneth Royce Perry	Managing Director	Appointed 16/8/2002
Mr John Robert Nicholls[1]	Non Executive Director	Appointed 31/1/2006
Mr Ian James Williams	Non Executive Director	Appointed 1/8/2006
Mr Ugo Cario	Non Executive Director	Appointed 21/2/2007

The skills, experience and expertise relevant to the position of director held by each director at the date of the annual report is included in the Directors' Report on page 1.

Refer above under the sub-heading ***"Independence"*** for disclosure regarding independent directors.

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any shareholding qualification.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

The membership of the Board, its activities and composition is under review with new appointments planned. Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting. Under the Company's Constitution the tenure of directors is subject to reappointment by shareholders not later than the third anniversary following their last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director.

Conflicts of Interest

In accordance with the Corporations Act and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Independent Professional Advice

The Board has determined that individual directors have the right in connection with their duties and responsibilities as directors to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

Committee Structure

The names and qualifications of Audit Committee, Remuneration Committee members and their attendance at committee meetings are set out in the Directors' Report.

Risk Management

The Board is responsible for the oversight of the Group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Managing Director and Chief Financial Officer having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Group are highlighted in the Business Plan presented to the Board by the Managing Director each year.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the Group.

Role of Auditor

The Company's practice is to invite the auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. Non executive Directors have direct access to the auditors as required by them.

Recommendations and advice provided by the external auditor and other external advisers on the operational and financial risks faced by the Company were investigated and where appropriate implemented.