



AMMTEC ANNOUNCES RECORD SECOND HALF UNAUDITED PROFIT FOR FY10, RETURN TO PRE-GFC LEVELS

21 July 2010

Ammtec Limited, Australia's largest metallurgical and mineral testing consultancy, is pleased to announce a \$7.2 million net profit after tax for the year to 30 June 2010.

The result, subject to audit, is in line with market guidance issued by the Ammtec Board in December 2009.

The interim net profit of \$2.9 million was followed by a second half net profit of \$4.3 million.

Ammtec is forecasting continued strong earnings growth in FY11 on the back of enhanced performance from its core metallurgical and minerals testing business and improved contributions from recently acquired businesses.

Acting Managing Director Ron Grogan said it was very pleasing that Ammtec had returned to pre-GFC activity levels in the final quarter to produce what is a record half-year result.

"Our core metallurgical and mineral testing business has performed very strongly, with revenues up 8% on the previous year," said Mr Grogan.

"We have also seen the benefits of Ammtec's substantial capital expenditure in recent years on new technology, and expansion and enhancement of our facilities.

"The enhancements include upgraded and expanded pilot plant facilities, a new assay lab, establishment of a new mineralogy division and upgrades to our sample preparation and gold laboratories."

Ammtec acquired the specialist engineering business Marc Technologies in February 2008 shortly before the Global Financial Crisis. For FY10, Marc has contributed segment profits before tax of \$2.5 million compared to \$1.3 million in FY09. The major improvement occurred in the final months of the year as demand for Marc's dust suppression systems rose substantially. Marc has a very strong order book and Ammtec is forecasting the business will return to pre-GFC profitability in FY11.

Although not reflected in the FY10 results, US based resin manufacturing business, PSI announced its first major sale this month. The contract with an international environmental technology group is worth \$1.5 million for the treatment of industrial waste. The contract comes from the strategic business development plan and will be used as a platform to continue growth in the PSI business.

"We are forecasting that PSI will break even in the current coming year and be profitable in FY12 and beyond," said Mr Grogan.

Commensurate with these results, the Board recommends shareholders reject the unsolicited takeover offer by Campbell Brothers Limited (CPB). CPB has offered \$3.35 per Ammtec share, with a scrip alternative of 2 CPB shares for every 17 Ammtec shares.



AMMTEC ANNOUNCES RECORD SECOND HALF (continued)

The Ammtec Board believes the offer is too low and fails to reflect the true value of Ammtec. The Board considers the offer to be opportunistic and does not attribute any value to the substantial uplift in revenue and earnings expected in the coming years. The Target's Statement will be issued shortly.

The takeover imposes a 'no dividend' restriction on Ammtec. Should the takeover not proceed the Board will pay a fully franked final dividend of 11 cents per share, taking the total dividend for FY10 to 17.5 cents up from 16 cents the previous year. The pledge of a dividend at this level reflects the continued belief of Ammtec's Board in the ongoing success of the Company and a commitment to our loyal shareholders.

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