

AMMTEC LIMITED

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AMMTEC

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AMMTEC LIMITED CONFIRMS STRONGEST EVER YEAR PRELIMINARY FINAL REPORT – YEAR ENDED 30 JUNE 2010

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

This record profit is the highest in Ammtec's history, and confirms the preliminary unaudited results released on 21 July 2010.

The results support Ammtec's confidence in its previously announced FY2011 earnings guidance, and provide a strong platform for further growth over the coming years. Ammtec has already achieved a very strong start to the FY2011 financial year due to enhanced performance from all three businesses and a return to pre-GFC trading conditions.

The Board of Directors has recommended that shareholders REJECT the unsolicited takeover offer from Campbell Brothers subsidiary, Australian Laboratory Services (ALS). The Board believes the offer undervalues your Ammtec shares and does not reflect the strategic value of Ammtec to Campbell Brothers. In addition, a total of 46 Ammtec Shareholders (holding 20.7% in aggregate of Ammtec's issued Share capital) have provided Offer Rejection Statements to the Company in the manner and subject to the qualifications set out in the Supplementary Target's Statement dated 6 August 2010.

The Board has resolved to pay a final fully franked dividend of 11 cents per share during October, irrespective of the status of the ALS offer at that time. The record date for this dividend will be 15 October 2010 and the payment date will be 29 October 2010.

Ammtec's auditor, KPMG, has now signed off their unqualified audit opinion on the annual accounts for the year ended 30 June 2010.

The preliminary final report relates to the financial year ended 30 June 2010, with comparative data relating to the year ended 30 June 2009, and is based on accounts that have been audited.

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**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

"Results for announcement to the market"

Revenues from ordinary activities	down	2.18%	to	54,298,049
Profit (loss) from ordinary activities after tax attributable to members	up	3.87%	to	7,162,345
Net profit (loss) for the period attributable to members	up	3.87%	to	7,162,345
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend		11.0¢		11.0¢
Interim dividend		6.5¢		6.5¢
Record date for determining entitlements to the dividend	15 October 2010			
<p>Ammtec is subject to takeover bid by Australian Laboratory Services Pty Ltd (ALS). This offer includes a condition that between 18 May 2010 and the end of the offer period, Ammtec is not to distribute any dividend without ALS's approval.</p> <p>The Directors have resolved to pay a fully franked final dividend of 11 cents per share during October, irrespective of the status of the ALS offer at that time.</p>				



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated		Ammtec Ltd	
		2010 \$	2009 \$	2010 \$	2009 \$
Revenue	2	53,969,327	55,162,725	-	-
Other income	2	328,722	320,992	12,128,980	11,897,165
		54,298,049	55,483,717	12,128,980	11,897,165
Raw materials and consumables expense		(16,918,741)	(19,659,334)	-	-
Employee benefits expense		(20,538,739)	(19,269,694)	-	-
Depreciation and amortisation expense		(2,110,740)	(1,696,638)	(161,006)	(153,697)
Other expenses		(4,014,269)	(3,668,639)	(828)	(535)
Results from operating activities		10,715,560	11,189,412	11,967,146	11,742,933
Financial income	2	196,854	7,227	-	-
Financial expenses	2	(527,168)	(1,241,205)	(27,506)	(343,285)
Net financing costs	2	(330,314)	(1,233,978)	(27,506)	(343,285)
Profit before income tax	2	10,385,246	9,955,434	11,939,640	11,399,648
Income tax expense	3	(3,640,603)	(3,460,265)	(3,923,664)	(3,600,974)
Profit for the period		6,744,643	6,495,169	8,015,976	7,798,674
Other comprehensive income					
Foreign currency translation differences for foreign operations		(250,404)	755,980	-	-
Other comprehensive income for the period, net of income tax		(250,404)	755,980	-	-
Total comprehensive income for the period		6,494,239	7,251,149	8,015,976	7,798,674
Attributable to:					
Owners of the Company		7,162,345	6,885,373	8,015,976	7,798,674
Non-controlling interest		(417,702)	(390,204)	-	-
Profit for the period		6,744,643	6,495,169	8,015,976	7,798,674
Total comprehensive income attributable to:					
Owners of the Company		6,894,279	7,375,611	8,015,976	7,798,674
Non-controlling interest		(400,040)	(124,462)	-	-
Total comprehensive income for the period		6,494,239	7,251,149	8,015,976	7,798,674
Earnings per share					
Basic earnings per share		20.34 cents	27.11 cents	-	-
Diluted earnings per share		20.09 cents	26.88 cents	-	-



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	Consolidated		Ammtec Ltd	
		2010 \$	2009 \$	2010 \$	2009 \$
Current Assets					
Cash and cash equivalents	10	3,107,235	1,036,874	-	158
Trade and other receivables	4	15,425,940	9,728,016	33,935,284	11,145,152
Inventories	5	2,514,939	2,188,233	-	-
Other	6	603,573	243,189	-	-
Total Current Assets		21,651,687	13,196,312	33,935,284	11,145,310
Non-Current Assets					
Property, plant and equipment	7	39,736,845	32,559,771	10,543,950	10,560,460
Investments	8	-	-	22,132,680	22,132,680
Intangible assets	9	22,062,838	22,247,643	-	-
Deferred tax assets	3	1,352,450	1,048,354	171,017	173,223
Total Non-Current Assets		63,152,133	55,855,768	32,847,647	32,866,363
Total Assets		84,803,820	69,052,080	66,782,931	44,011,673
Current Liabilities					
Bank overdraft	10	366,814	500,759	74	-
Trade and other payables	11	8,702,869	7,556,558	605,923	1,205,923
Interest bearing liabilities	12	1,611,428	1,594,841	-	-
Current tax payable		1,791,543	388,639	1,797,481	413,603
Employee benefits	13	2,452,058	2,215,856	-	-
Total Current Liabilities		14,924,712	12,256,653	2,403,478	1,619,526
Non-Current Liabilities					
Other Payables	11	-	873,327	10,000	582,494
Interest bearing liabilities	12	3,845,003	11,048,631	-	-
Deferred tax liabilities	3	1,747,203	1,747,203	1,100,237	1,100,237
Employee benefits	13	265,079	174,295	-	-
Total Non-Current Liabilities		5,857,285	13,843,456	1,110,237	1,682,731
Total Liabilities		20,781,997	26,100,109	3,513,715	3,302,257
Net Assets		64,021,823	42,951,971	63,269,216	40,709,416
Equity					
Share capital	14	45,894,308	25,703,838	45,894,308	25,703,838
Reserves		4,495,480	5,364,880	3,160,289	2,870,041
Retained earnings		13,716,068	11,791,744	14,214,619	12,135,537
Equity attributable to equity holders of the Company		64,105,856	42,860,462	63,269,216	40,709,416
Non-controlling Interest		(84,033)	91,509	-	-
Total Equity		64,021,823	42,951,971	63,269,216	40,709,416



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated		Ammtec Ltd	
		2010	2009	2010	2009
		\$	\$	\$	\$
Cash flows from operating activities					
Cash receipts in the course of operations		52,768,992	58,636,205	-	-
Cash payments in the course of operations		(44,344,781)	(40,156,927)	(828)	(535)
Receipts from controlled entities		-	-	4,826,175	4,660,301
Interest received		181,399	7,227	-	-
Other income received		291,507	255,473	-	-
Borrowing costs paid		(447,274)	(897,920)	-	-
Income taxes paid		(2,541,795)	(5,780,400)	-	-
Net cash provided by operating activities	10(a)	5,908,048	12,063,658	4,825,347	4,659,766
Cash flows from investing activities					
Payments for property, plant & equipment		(9,409,531)	(5,880,417)	-	-
Proceeds on disposal of non-current assets		37,215	264,299	-	-
Payment for purchase of:					
- Investment in Purity Systems Inc.		-	(874,304)	-	-
- Marc Technologies		(1,200,000)	(1,200,000)	-	-
Net cash used in investing activities		(10,572,316)	(7,690,422)	-	-
Cash flows from financing activities					
Proceeds from exercise of employee options		114,100	60,140	-	-
Finance lease payments		(1,068,335)	(848,365)	-	-
Dividends paid		(4,825,579)	(4,674,120)	(4,825,579)	(4,674,120)
Proceeds from/(repayment of) bank loan		(6,069,000)	1,631,100	-	-
Proceeds from issue of shares		18,717,388	-	-	-
Net cash (used in)/provided by financing activities		6,868,574	(3,831,245)	(4,825,579)	(4,674,120)
Net Increase/(Decrease) in Cash and Cash Equivalents		2,204,306	541,991	(232)	(14,354)
Cash and Cash Equivalents at 1 July		536,115	(5,876)	158	14,512
Cash and Cash Equivalents at 30 June	10(b)	2,740,421	536,115	(74)	158



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1 BASIS OF PREPARATION OF PRELIMINARY FINAL REPORT

The Preliminary Final Report has been prepared in accordance with ASX listing rule 4.3A and has been derived from the audited Financial Report. The Preliminary Financial Report has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

This report does not include all notes normally included in an annual financial report, accordingly this report is to be read in conjunction with the Annual Report for the year ended 30 June 2010.

NOTE 2 OPERATING PROFIT

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	\$	\$	\$	\$
Profit from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:				
Amortisation				
- leased assets	663,174	591,220	-	-
Depreciation				
- buildings	259,942	223,086	161,006	153,697
- plant and equipment	1,187,624	882,332	-	-
	2,110,740	1,696,638	161,006	153,697
Included in the operating profit are the following items of operating revenue:				
Revenue from operating activities				
- Rendering of services	38,756,240	37,889,233	-	-
- Product sales	15,213,087	17,273,492	-	-
	53,969,327	55,162,725	-	-
<i>Other income</i>				
- Insurance proceeds and other recoveries	59,356	255,473	-	-
- Trust distribution - controlled entity	-	-	12,128,980	11,897,165
- Profit from disposal of non-current assets	37,213	65,519	-	-
- Training incentives	190,434	-	-	-
- Government grants	6,002	-	-	-
- Rental income	35,717	-	-	-
	328,722	320,992	12,128,980	11,897,165
<i>Finance income and expenses</i>				
- Interest received	196,854	7,227	-	-
- Interest expense				
Finance lease charges	(435,925)	(439,671)	-	-
Interest on borrowings	(63,737)	(458,249)	-	-
Interest on deferred settlement	(27,506)	(343,285)	(27,506)	(343,285)
	(330,314)	(1,233,978)	(27,506)	(343,285)



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

NOTE 2 OPERATING PROFIT (Continued)

<i>Personnel expenses</i>				
Wages and salaries	17,103,017	15,649,451	-	-
Other associated personnel expenses	2,570,821	2,545,990	-	-
Movement in provision for employee entitlements	326,986	499,638	-	-
Equity-settled share-based payment transactions	537,915	574,615	-	-
	<u>20,538,739</u>	<u>19,269,694</u>	<u>-</u>	<u>-</u>

NOTE 3 TAXATION

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	\$	\$	\$	\$
(a) Income Tax Expense				
	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	\$	\$	\$	\$
<u>Current tax expense</u>				
Current year	3,886,943	3,777,394	3,864,170	3,756,753
Adjustments to prior years	57,756	(5,121)	57,288	(6,683)
	<u>3,944,699</u>	<u>3,772,273</u>	<u>3,921,458</u>	<u>3,750,070</u>
<u>Deferred tax expense</u>				
Origination and reversal of temporary differences	(304,096)	(312,008)	2,206	(149,096)
Income tax expense per financial statements	3,640,603	3,460,265	3,923,664	3,600,974
(b) Numerical reconciliation between tax expense and pre-tax accounting profit				
Profit for the period	6,744,643	6,495,169	8,015,976	7,798,674
Total income tax expense	3,640,603	3,460,265	3,923,664	3,600,974
Profit excluding income tax	<u>10,385,246</u>	<u>9,955,434</u>	<u>11,939,640</u>	<u>11,399,648</u>
Income tax expense calculated at 30% (2009: 30%)	3,115,574	2,986,631	3,581,892	3,419,893
Non deductible expenses	41,416	125,390	-	-
Tax incentives	(38,320)	(100,540)	-	-
Current year tax losses for which no tax asset has been recognised	464,177	453,905	-	-
Trust distribution	-	-	284,484	187,764
Under/(over) provided in prior years	57,756	(5,121)	57,288	(6,683)
Income tax expense on pre-tax net profit	3,640,603	3,460,265	3,923,664	3,600,974



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

NOTE 3 TAXATION (Continued)

(c) Recognised deferred tax assets and liabilities

Receivables	-	31,056	-	-
Property, plant and equipment	162,242	203,511	59,779	70,238
Payables	421,103	80,109	-	-
Employee entitlements	813,164	715,787	-	-
Loans and borrowings	(198,107)	(85,094)	-	-
Intangible assets	111,238	102,985	111,238	102,985
Deferred expenses	42,810	-	-	-
	1,352,450	1,048,354	171,017	173,223
Investments	-	-	471,149	471,149
Land (recognised directly in equity)	1,747,203	1,747,203	629,088	629,088
	1,747,203	1,747,203	1,100,237	1,100,237
Net	(394,753)	(698,849)	(929,220)	(927,014)

(d) Movement in temporary differences during the year

<u>30 June 2010 - Consolidated</u>	Balance 1 July 2009	Recognised in profit or loss	Recognised in equity	Balance 30 June 2010
Receivables	31,056	(31,056)	-	-
Property, plant & equipment	203,511	(41,269)	-	162,242
Land	(1,747,203)	-	-	(1,747,203)
Intangible assets	102,985	8,253	-	111,238
Payables	80,109	340,994	-	421,103
Loans and borrowings	(85,094)	(113,013)	-	(198,107)
Employee entitlements	715,787	97,377	-	813,164
Deferred expenses	-	42,810	-	42,810
	(698,849)	304,096	-	(394,753)
<u>30 June 2009 - Consolidated</u>	Balance 1 July 2008	Recognised in profit or loss	Recognised in equity	Balance 30 June 2009
Receivables	34,213	(3,157)	-	31,056
Property, plant & equipment	153,005	50,506	-	203,511
Land	(319,275)	-	(1,427,978)	(1,747,203)
Intangible assets	-	102,985	-	102,985
Payables	16,050	64,059	-	80,109
Loans and borrowings	(19,890)	(65,204)	-	(85,094)
Employee entitlements	566,303	149,484	-	715,787
	430,406	298,673	(1,427,928)	(698,849)



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

NOTE 3 TAXATION (Continued)

<u>30 June 2010 - Company</u>	Balance 1 July 2009	Recognised in profit or loss	Recognised in equity	Balance 30 June 2010
Property, plant & equipment	70,238	(10,459)	-	59,779
Investments	(471,149)	-	-	(471,149)
Intangible assets	102,985	8,253	-	111,238
Land	(629,088)	-	-	(629,088)
	(927,014)	(2,206)	-	(929,220)

<u>30 June 2009 - Company</u>	Balance 1 July 2008	Recognised in profit or loss	Recognised in equity	Balance 30 June 2009
Property, plant & equipment	-	70,238	-	70,238
Investments	(468,149)	(3,000)	-	(471,149)
Intangible assets	-	102,985	-	102,985
Land	-	-	(629,088)	(629,088)
	(468,149)	170,223	(629,088)	(927,014)

NOTE 4 TRADE AND OTHER RECEIVABLES

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	\$	\$	\$	\$
Current				
Trade debtors	15,425,940	9,840,012	-	-
Provision for doubtful debts	-	(111,996)	-	-
Amounts receivable from:				
- controlled entities (a)	-	-	33,935,284	11,145,152
	15,425,940	9,728,016	33,935,284	11,145,152

(a) The amounts receivable from controlled entities are interest free, have no set dates for repayment and no security attached to them. The company has no intention of requiring repayment of these loans in the next 12 months.



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

NOTE 5 INVENTORIES

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	\$	\$	\$	\$
Current				
Raw materials and consumables	682,348	862,259	-	-
Work in progress	1,301,389	873,533	-	-
Finished goods	531,202	452,441	-	-
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	2,514,939	2,188,233	-	-
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NOTE 6 OTHER ASSETS

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	\$	\$	\$	\$
Current				
Prepayments	603,573	243,189	-	-
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**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	\$	\$	\$	\$
<u>Freehold Land</u>				
At valuation	12,485,515	8,732,150	4,405,100	4,405,100
	12,485,515	8,732,150	4,405,100	4,405,100
<u>Buildings</u>				
At cost	11,229,310	9,677,118	6,533,978	6,389,481
Less: Accumulated depreciation	(677,768)	(417,826)	(395,128)	(234,121)
	10,551,542	9,259,292	6,138,850	6,155,360
<u>Plant & Equipment</u>				
At cost	18,043,716	14,060,976	-	-
Less: Accumulated depreciation	(7,136,425)	(5,985,815)	-	-
	10,907,291	8,075,161	-	-
<u>Motor Vehicles under Hire Purchase</u>				
At cost	299,175	299,175	-	-
Less: Accumulated depreciation	(109,403)	(60,362)	-	-
	189,772	238,813	-	-
<u>Plant & Equipment Under Lease</u>				
At cost	7,284,391	7,404,534	-	-
Less: Accumulated depreciation	(1,681,666)	(1,150,179)	-	-
	5,602,725	6,254,355	-	-
Total Property, Plant & Equipment	39,736,845	32,559,771	10,543,950	10,560,460



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

NOTE 7 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	\$	\$	\$	\$
Reconciliations				
Reconciliations of the carrying amount of each class of Property, plant and equipment are set out below:				
<i>Land</i>				
Carrying amount at beginning of year	8,732,150	3,972,391	4,405,100	2,308,141
Revaluation	-	4,759,759	-	2,096,959
Additions	3,753,365	-	-	-
Carrying amount at end of year	12,485,515	8,732,150	4,405,100	4,405,100
<i>Buildings</i>				
Carrying amount at beginning of year	9,259,292	7,975,051	6,155,360	5,825,830
Additions	1,552,192	1,507,327	144,497	483,227
Depreciation	(259,942)	(223,086)	(161,007)	(153,697)
Carrying amount at end of year	10,551,542	9,259,292	6,138,850	6,155,360
<i>Plant and equipment</i>				
Carrying amount at beginning of year	8,075,161	4,747,429	-	-
Additions	3,942,413	4,930,609	-	-
Transfers from/(to) leased assets	28,449	(772,871)	-	-
Depreciation	(1,138,732)	(830,006)	-	-
Carrying amount at end of year	10,907,291	8,075,161	-	-
<i>Motor Vehicles under Hire Purchase</i>				
Carrying amount at beginning of year	238,813	161,311	-	-
Additions	-	129,955	-	-
Depreciation	(49,041)	(52,453)	-	-
Carrying amount at end of year	189,772	238,813	-	-
<i>Leased plant and equipment</i>				
Carrying amount at beginning of year	6,254,355	4,490,977	-	-
Additions	39,993	1,581,727	-	-
Transfers from/(to) plant and equipment	(28,449)	772,871	-	-
Amortisation	(663,174)	(591,220)	-	-
Carrying amount at end of year	5,602,725	6,254,355	-	-



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

NOTE 7 PROPERTY, PLANT AND EQUIPMENT (Continued)

Valuations

Freehold land is measured at market valuation and buildings are measured at cost. The Group has a policy of reviewing the value of land every three years. Independent valuations of land were carried out by Quantia Valuation Consultants in July 2009 (Balcatta properties) and Esk Property Group in December 2008 (Burnie) which estimated the total value of land to be \$8,732,150. The valuations, using the existing use method, were estimates of the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arms length transaction at the valuation date. The new property purchased during the year was valued on 18 January 2010 at the purchase cost and is carried at its purchase cost plus improvements. This property is under construction and a new valuation will be undertaken once construction is completed.

Had the land been carried under the cost model the carrying value of the land would have been \$7,725,756 (2009: \$3,972,391).

Acquisitions

During the year ended 30 June 2010 the Group acquired property, plant and equipment with a cost of \$9,287,963 (2009: \$8,149,618).

NOTE 8 INVESTMENTS

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	\$	\$	\$	\$
<u>Unlisted Unit Trusts</u>				
Ammtec Unit Trust at cost	-	-	6,464,302	6,464,302
Marc Unit Trust at cost	-	-	15,658,378	15,658,378
<u>Unlisted Shares</u>				
Australian Metallurgical & Mineral Testing Consultants Pty Ltd at cost	-	-	10,000	10,000
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	22,132,680	22,132,680
	<hr/>	<hr/>	<hr/>	<hr/>



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

NOTE 9 INTANGIBLES

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	\$	\$	\$	\$
Trademark at Cost	2,199,971	2,199,971	-	-
Goodwill				
Ammtec Unit Trust	789,804	789,804	-	-
Metcon Laboratory	1,429,443	1,429,443	-	-
Optimet Laboratory	294,526	294,526	-	-
Marc Unit Trust	12,929,930	12,929,930	-	-
PSI	4,419,164	4,603,969	-	-
	22,062,838	22,247,643	-	-

For the purposes of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Impairment Testing for Cash-Generating Units containing goodwill

All of the intangible assets have an indefinite useful life. Impairment testing is determined by estimating the value in use of each of the cash generating units.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on budgets for the FY11 year extrapolated over a five year period based on after-tax cash flows. Except for PSI, the cash generating units did not include any growth over the FY11 year. PSI growth is due to sales forecasts based on expected future sales as a result of the development and marketing of the technology. Terminal value cashflows were extrapolated using a constant growth rate of nil.
- A weighted average cost of capital of 11.93% (pre-tax, real) and an implied inflation rate of 2.5% was used based on average expected achievements over the period.
- Sensitivity analysis was performed to ensure that possible reasonable variations in the projections for the Group's operating divisions would not affect the carrying values of the Groups intangible assets.

PSI

Due to the nature of PSI technology being commercially unproven additional modelling has been completed around sensitivity testing of the sales projections not being achieved.

Ammtec has also considered the fair value of PSI less estimated realisation costs in determining if the asset is impaired, based on these projections the carrying value of the investment is not impaired at 30 June 2010.

Marc Unit Trust

Due to the volatility of the Marc business over period since acquisition additional sensitivity analysis has been completed to ensure that the investment is not impaired if Marc performs worse than the forecasts for FY11. This sensitivity analysis showed that if Marc achieved revenue of 30% less than the forecasts approved by the Board for FY11 and onwards, with all other expenses remaining the same, then the carrying value would not be impaired.



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

NOTE 10 CASH FLOW INFORMATION

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	\$	\$	\$	\$
(a) Reconciliation of profit after income tax to net cash provided by operating activities				
Profit after income tax	6,744,643	6,495,169	8,015,976	7,798,674
Non-Cash flows in operating profit:				
Amortisation	663,174	591,220	-	-
Depreciation	1,447,566	1,105,545	161,007	153,697
Employee share and option plan expenses	537,915	542,115	537,915	996,763
Employee entitlements	326,986	499,638	-	-
Reversal of impairment of trade receivables	(111,995)	(2,049)	-	-
Loss (Profit) on sale of non-current assets	(37,215)	(65,518)	-	-
Minority interest	417,702	390,204	-	-
<i>Movement in</i>				
- trade debtors	(5,585,931)	(2,983)	-	-
- work in progress	(326,705)	326,996	-	-
- other assets	(360,384)	(90,700)	-	-
- deferred tax assets	(304,096)	298,673	2,206	173,223
- trade creditors & other accruals	400,754	(1,326,453)	-	-
- amounts receivable from controlled entities	-	-	(5,232,825)	(7,090,988)
- current tax liabilities	1,402,904	2,021,462	1,341,068	1,996,309
- deferred income taxes	-	1,427,928	-	632,088
- GST payable	692,730	(147,589)	-	-
Net Cash Flows provided by Operating Activities	5,908,048	12,063,658	4,825,347	4,659,766

(b) Reconciliation of Cash

For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	\$	\$	\$	\$
Cash and cash equivalents	3,107,235	1,036,874	-	158
Bank overdraft	(366,814)	(500,759)	(74)	-
	2,740,421	536,115	(74)	158



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

NOTE 10 CASH FLOW INFORMATION (Continued)

(c) Financing Facilities

The Group has a corporate mortgage overdraft facility of \$3,000,000 which is subject to an annual review due on 31 October 2010. At 30 June 2010 the facility was in use to the value of \$366,814 in a controlled entity. The facility is used to fund working capital requirements. The facility has been secured over the properties held at 2, 3, 5 and 6 MacAdam Place in Balcatta and 39 River Road, Wivenhoe, Tasmania.

(d) Non-cash Financing and Investing Activities

Finance lease transactions

During the financial year the Group acquired plant and equipment with an aggregate fair value of \$39,993 (2009: \$2,913,557) by means of finance leases.

Employee share transactions

During the financial year the Group issued 93,462 (2009: 52,490) ordinary shares at \$2.37 (2009: \$3.45) as part of the Employee Share Plan.

During the financial year the Group issued options valued at \$315,915 (2009: \$361,115) as part of the Employee Share Option Scheme.

Dividend reinvestment

During the financial year the Group issued 455,125 (2009: 135,150) ordinary shares pursuant to the dividend reinvestment plan.

NOTE 11 TRADE AND OTHER PAYABLES

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	\$	\$	\$	\$
Current				
Trade creditors	5,581,833	4,704,269	-	-
Other creditors and accruals	2,521,036	1,652,289	5,923	5,923
Deferred consideration	600,000	1,200,000	600,000	1,200,000
	8,702,869	7,556,558	605,923	1,205,923
Non current				
Deferred consideration	-	572,494	-	572,494
Other creditors and accruals	-	300,833	-	-
Amounts Payable to Controlled Entities	-	-	10,000	10,000
	-	873,327	10,000	582,494



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

NOTE 12 LOANS AND BORROWINGS

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	\$	\$	\$	\$
Current				
Secured bank loans	1,000	-	-	-
Lease Liability - Secured	1,447,466	1,506,762	-	-
HP Liability	177,938	113,469	-	-
Less: unexpired interest	(14,976)	(25,390)	-	-
	1,611,428	1,594,841	-	-
Non-Current				
Secured bank loans	261,100	6,331,100	-	-
Lease Liability - Secured	3,493,279	4,463,947	-	-
HP Liability	94,032	271,970	-	-
Less: unexpired interest	(3,408)	(18,386)	-	-
	3,845,003	11,048,631	-	-

Terms and debt repayment schedule

The terms and conditions of outstanding loans were as follows:

	Interest Rate %	Facility Amount \$	Carrying Amount \$	Year of Maturity Date
Consolidated - 30 June 2010				
Secured Overdraft	9.68%	3,000,000	366,814	2010
Secured bank loans	6.95%	4,160,000	1,000	2010
Market rate facility	6.95%	262,505	261,100	2014
Guarantee	2.20%	3,300,000	-	2010
Letter of Credit	-%	500,000	-	2010
Finance lease liabilities	various	6,700,000	4,940,745	various
HP liabilities	various	271,970	253,586	various
Consolidated - 30 June 2009				
Secured Overdraft	8.18%	3,000,000	500,759	2009
Secured bank loans	5.00%	6,000,000	6,000,000	2010
Market rate facility	5.01%	331,100	331,100	2014
Guarantee	2.40%	1,570,000	-	2009
Letter of Credit	-%	400,000	-	2009
Finance lease liabilities	various	7,279,837	5,970,709	various
HP liabilities	various	385,439	341,663	various

The Company does not maintain borrowings in its own right.

The bank loans are secured over land and buildings with a carrying value of \$19,172,582.



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

NOTE 13 EMPLOYEE ENTITLEMENTS

	Consolidated		Ammtec Ltd	
	2010 \$	2009 \$	2010 \$	2009 \$
Current				
Provision for Employee Entitlements (Note 21)	2,452,058	2,215,856	-	-
Non-Current				
Provision for Employee Entitlements (Note 21)	265,079	174,295	-	-

NOTE 14 SHARE CAPITAL

	Consolidated		Ammtec Ltd	
	2010 \$	2009 \$	2010 \$	2009 \$
Share Capital				
Issued and Paid Up Capital				
36,515,694 (2009: 25,493,320) ordinary shares, fully paid	45,894,308	25,703,838	45,894,308	25,703,838
Movements during the year:				
Balance at the beginning of the financial year	25,703,838	25,068,190	25,703,838	25,068,190
93,462 (2009: 52,490) shares issued pursuant to Employee Share Plan	222,000	181,000	222,000	181,000
68,816 (2009: 34,000) shares issued pursuant to Employee Share Option Scheme	114,100	60,140	114,100	60,140
6,216,212 shares issued under Share Placement	10,968,138	-	10,968,138	-
4,188,759 shares issued pursuant to SPP	7,749,250	-	7,749,250	-
455,125 shares issued pursuant to DRP	1,136,982	394,508	1,136,982	394,508
	45,894,308	25,703,838	45,894,308	25,703,838

The market value of an ordinary Ammtec Ltd share closed at \$3.51 on 30 June 2010.



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

Details of individual and total dividends and dividend payments.

	2010	2009
	\$	\$
Paid 2009 final ordinary dividend of \$0.10 per share (fully franked to 30%) (2008: \$0.14 per share (fully franked to 30%))	3,602,525	3,542,795
Paid interim ordinary dividend of \$0.065 per share (2009: \$0.06 per share) (fully franked to 30%)	2,360,036	1,525,832
	<hr/>	<hr/>
Dividends recognised during year	5,962,561	5,068,627
	<hr/>	<hr/>

Subsequent to Reporting Date

Ammtec is subject to takeover by Australian Laboratory Services Pty Ltd (ALS). This offer includes a condition that between 18 May 2010 and the end of the offer period, Ammtec is not to distribute any dividend without ALS's approval.

The Directors have resolved to pay a fully franked dividend of 11 cents per share during October 2010, totalling \$4,018,450, irrespective of the status of the ALS offer at that time. The record date for this dividend will be 15 October 2010 and the payment date will be 29 October 2010.

The financial effect of this dividend has not been brought to account in the Group's financial statements for the year ended 30 June 2010.

Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

The Directors will make a decision on continuation of the Dividend Reinvestment Plan, and the discount to be applied, in due course.

Dividends

Date the dividend (distribution) is payable	29 October 2010
Record date to determine entitlements to the dividend	15 October 2010
If it is a final dividend, has it been declared?	Yes

**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

Amount per security

		Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
Final dividend:	Current year	11.0¢	11.0¢	-¢
	Previous year	10.0¢	10.0¢	-¢
Interim dividend:	Current year	6.5¢	6.5¢	-¢
	Previous year	6.0¢	6.0¢	-¢

Total dividend per security (interim *plus* final)

	Current year	Previous year
Ordinary securities	17.5¢	16.0¢

Final dividend on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	4,018	3,282

A statement of retained earnings showing movements.

	Current period - \$A'000	Previous corresponding period - \$A'000
Retained profits at the beginning of the financial period	11,791	9,969
Net profit attributable to members	7,162	6,885
Net effect of changes in accounting policies	725	5
Dividends and other equity distributions paid or payable	(5,962)	(5,068)
Retained profits at end of financial period	13,716	11,791



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

Net tangible assets per security with the comparative figure for the previous period.

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	111.20 cents	77.10 cents

Entities over which control has been gained or lost during the period.

There were no entities over which Ammtec gained control or lost during the period.

Ammtec Limited has no associates and is not involved in any joint ventures.

The earnings per security and the nature of any dilution aspects.

Earnings Reconciliation

	2010	2009
	\$	\$
Net profit	7,162,341	6,885,373
Basic Earnings	7,162,341	6,885,373
Diluted Earnings	7,162,341	6,885,373
Weighted average number of shares used as the denominator number for basic earnings per share:		
Ordinary Shares	35,211,287	25,400,690
Effect of executive share options on issue	434,767	211,932
	<hr/>	<hr/>
Number for diluted earnings per share	35,646,054	25,612,622
	<hr/>	<hr/>



PRELIMINARY FINAL REPORT YEAR ENDED 30 JUNE 2010 (CONTINUED)

The results of segments that are significant to an understanding of the business as a whole.

The Group has six reportable segments, as described below, these are the Group's business units.

Reporting to the Managing Director and the Board is based on these business units. They are each managed separately due to either geographical location or the fact that they offer different products and services.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The six reportable segments are as follows:

- WA. Undertakes metallurgical and mineral test work from laboratories in Balcatta, WA.
- NSW. Undertakes metallurgical and mineral test work from laboratories in NSW.
- SA. Undertakes metallurgical and mineral test work from laboratories in South Australia.
- Tasmania. Undertakes metallurgical and mineral test work from laboratories in Burnie, Tasmania.
- Marc. Derives revenue from designing laboratories, supplies of laboratory equipment and dust and fume control systems to the mining and mining services sectors.
- PSI. Manufactures resins for the extraction of heavy metals from solutions on licence for the University of Montana.



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

30 June 2010

	WA	NSW	SA	TAS	Marc	PSI	Total
External revenues	33,387,514	2,075,628	1,132,038	2,824,395	14,514,036	35,716	53,969,327
Inter-segment revenue	5,147,870	-	-	7,471	2,078,543	-	7,233,884
Total revenue for reportable segments	38,535,384	2,075,628	1,132,038	2,831,866	16,592,579	35,716	61,203,211
Other revenue							328,722
Elimination of inter-segment revenue							(7,233,884)
Revenue as per financial statements							54,298,049
Depreciation & amortisation	1,833,535	28,094	21,613	85,278	138,162	4,058	2,110,740
Interest income	195,412	-	-	-	-	1,442	196,854
Interest expense	(463,442)	(2,032)	(4,723)	(31,868)	(25,039)	(64)	(527,168)
Reportable segment profit before income tax	8,348,975	556,406	184,165	569,984	2,505,175	(1,547,257)	10,617,448
Elimination of inter segment profits							(232,202)
Consolidated profit before tax							10,385,246
Reportable Segment Assets	48,745,832	1,881,945	506,219	1,660,411	25,233,825	5,056,324	83,084,556
Unallocated corporate assets							1,352,450
Consolidated total assets							84,437,006
Reportable Segment Liabilities	3,787,550	242,138	170,582	119,296	7,031,789	68,651	11,420,006
Unallocated corporate liabilities							8,995,177
Consolidated total liabilities							20,415,183
Capital expenditure	9,030,079	49,122	4,545	3,275	192,017	9,677	9,288,715



**PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2010 (CONTINUED)**

30 June 2009

	WA	NSW	SA	TAS	Marc	PSI	Consolidated
External revenues	31,190,252	2,585,218	1,078,043	3,352,779	16,572,950	113,266	54,892,508
Inter-segment revenue	4,474,466	340	-	103,215	1,292,533	-	5,870,554
Total revenue for reportable segments	35,664,718	2,585,558	1,078,043	3,455,994	17,865,483	113,266	60,763,062
Other revenue							320,992
Elimination of inter-segment revenue							(5,600,337)
Revenue as per financial statements							55,483,717
Depreciation & amortisation	(1,461,039)	(22,860)	(21,935)	(84,675)	(101,251)	(5,005)	(1,696,765)
Interest income	-	-	-	-	5,367	1,860	7,227
Interest expense	(1,173,323)	(2,845)	(5,087)	(42,523)	(17,427)	-	(1,241,205)
Reportable segment profit before income tax	8,461,132	791,099	79,279	1,073,685	1,257,059	(1,540,863)	10,121,391
Elimination of inter segment profits							(165,957)
Consolidated profit before tax							9,955,434
Reportable Segment Assets	37,589,791	1,694,923	472,997	1,417,720	21,136,986	5,190,550	67,502,967
Unallocated corporate assets							1,048,354
Consolidated total assets							68,551,321
Reportable Segment Liabilities	3,492,918	233,953	140,313	97,771	6,808,218	40,940	10,814,113
Unallocated corporate liabilities							14,785,237
Consolidated total liabilities							25,599,350
Capital expenditure	6,872,713	12,511	2,134	125,992	1,088,840	883,291	8,985,481