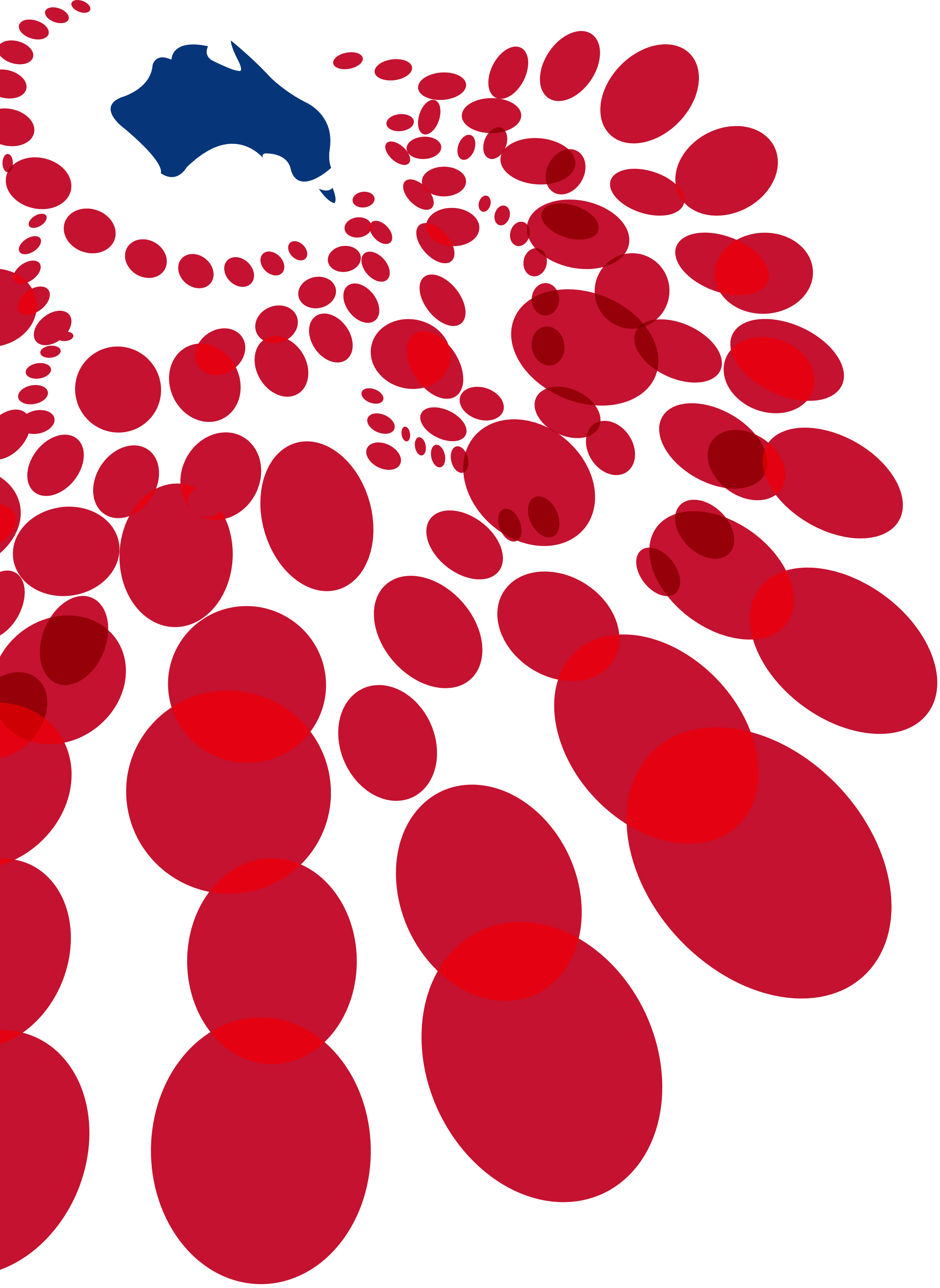

Ammtec LTD.
World Class Bankable Metallurgy

ANNUAL REPORT 2010

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CHAIRMAN'S REPORT

I am pleased to report that Ammtec has returned to pre-GFC activity levels in the final quarter to produce a record second half-year result and a profit (after tax and minority interests) of $7.2million for the full financial year ended 30 June 2010.

The profit which is line with forecast guidance given by the Board in December 2009 comprising $4.3million for the second half compared to $2.9million for the first.

This record half-year result has been achieved, during a period of some uncertainty surrounding the proposed Resources Super Profits Tax and the impact this may have on mining services in Australia. But I am pleased that we move forward into the FY11 with greater certainty that the less onerous Mineral Resources Rent Tax, which will apply to coal and iron ore and the Petroleum Resources Rent Tax applying to the oil and gas sector, will have a lesser impact on Ammtec.

Ammtec's core metallurgical and mineral testing business has again performed well to generate revenues in excess of the previous year. Returning confidence in the mining sector has enabled us to showcase the significant capital expansion and enhancements we have implemented to our key facilities in WA. The significant enhancements include the upgraded and expanded pilot plant facilities, the new assay laboratory, the establishment of the new mineralogy division and upgrades to our sample preparation and gold laboratories. We completed a capital raising in August 2009 to enable us to build a world class hydromet facility at Balcatta. I'm pleased to report that construction is well underway and the laboratory is scheduled for completion in December 2010.

We 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 $2.5million compared to $1.3million for the year ended 30 June 2009. The major improvement occurred in the final stages of the year as demand for Marc's dust suppression systems increases. Marc has a very strong order book and we forecast the business will return to pre-GFC profitability for the year ending 30 June 2011.

Although not reflected in the FY10 results, US based resin manufacturing business, Purity Systems Inc. (PSI) announced its first major sale in July 2010. The contract with an international environmental technology group is worth $1.5million 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 forecast that PSI will break even in the coming year and be profitable in FY12 and subsequent years.

Ammtec is currently subject to takeover by Campbell Brothers Limited (CPB) wholly-owned subsidiary Australian Laboratory Services. As the circumstances surrounding this offer may change between the date of this report and its release to shareholders, you should consult the investor section on the Ammtec website for up to date information.

On behalf of my fellow directors, I convey my thanks to the management and staff for their contribution to a very pleasing financial result in uncertain times and look forward to their continued support and commitment during the coming year.

David Macoboy
Chairman

DIRECTORS' REPORT

The Directors present their report together with the financial report of Ammtec Limited (The Company) and of the Group, being the Company and its subsidiaries for the financial year ended 30 June 2010 and the auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year were:

David Macoboy

Ross Norgard

Peter Rowe

Rod Smith

Ron Grogan

Hamid Sheriff

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was the supply of metallurgical, mineral testing, engineering and related services to the mining industry.

DIVIDENDS

Dividends Proposed Since the End of the Financial Year

Ammtec is subject to takeover activity by Australian Laboratory Services Pty Ltd ("ALS") (refer to Note 29). This offer includes a condition that between 18 May 2010 and the end of the Offer period that Ammtec and its subsidiaries are not to distribute any dividend without ALS's approval.

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.

Dividends paid during the year:

A fully franked interim dividend of 6.5 cents per share paid 30 April 2010	$2,360,036
A fully franked final dividend for 2009 of 10 cents per share paid 30 October 2009	$3,602,525

REVIEW OF OPERATIONS AND RESULTS

The 12 months to 30 June 2010 produced revenues of $54.3million and profits after tax and minority interests of $7.2million.

Ammtec's FY10 consolidated results are slightly above FY09 and reflect a continuation of the challenging operating conditions arising from the Global Financial Crisis and associated slowdown in mining industry activity, particularly in the first half of the financial year.

Consolidated revenue was 2% lower than in FY09, whilst consolidated operating profit margins remained steady in the range 23-24%. Whilst NPAT for FY10 was 4% higher than FY09, EPS was below FY09 as a result of the $11.5 million equity placement and $7.0 million share purchase plan completed in August 2009 to fund the new hydrometallurgical pilot plant facility. This facility is due for completion in December 2010 and consequently, earnings have not yet benefited from the investment.

Metallurgical and Mineral Testing Services

Metallurgical and mineral testing services are conducted at our four laboratories in Perth, Sydney, Adelaide, and Burnie. These services continue as the Group's core focus, with major CAPEX in recent years enhancing capacity and introducing expanded services. This has enabled Ammtec to capitalise on innovative and cost effective solutions for our customers.

FY10 revenue and EBITDA for the metallurgical testing business unit were in line with FY09, despite a marginal decline in capital expenditure in the Australian mining industry over the same period.

Workflows in the business unit were down substantially during the first half of the year as the global financial crisis curtailed the ability of small to medium-sized mining companies to raise finance for projects and larger mining companies conserved capital. Workflows improved and were more consistent during the second half of the year as commodity prices recovered and capital markets re-opened.

DIRECTORS' REPORT

The distribution of metal related testing for the core Balcatta operations in the past two years are as follows:

	2010	2009
Copper, lead, zinc	30%	27%
Iron ore	30%	27%
Gold	25%	24%
Nickel	15%	11%
Uranium	4%	4%
Others	6%	7%

Ammtec has a worldwide client base. Australian based projects accounted for 67% of the revenue with Africa, Pakistan, South America, Saudi Arabia and South East Asia accounting for 27%, while a total of 25 other countries made up the remainder of the revenue.

Western Australia

The Perth based Ammtec laboratory which represents the largest segment of the Group's operations experienced another successful year.

As a result of increasing workflows, Ammtec has continued to expand its facilities at Balcatta, and now holds five freehold properties as well as leasing an equivalent area for sample storage, the iron ore laboratory and other equipment storage nearby. Capital expansion has been extensive in recent years and will continue in FY11 with the completion of the new hydromet facility and the installation of labour saving robotic sampling equipment.

Some of the specialist services being conducted at the WA based operations have not been previously available in Australia. Ammtec is also building capabilities in the oil and gas sector and uranium test work and is expected to see an increase in work from these areas in future years. Feasibility studies requiring bankable quality test data remain the cornerstone of the work conducted at our Balcatta laboratories.

The capabilities and range of services at the expanded Balcatta facility laboratory include:

- In house Assay services – to provide a fast turnaround of metallurgical and mineral test work;
- Sample preparation;
- Iron Ore;
- Gold Ore;
- Comminution;
- Flotation;
- Mineralogy;
- Hydrometallurgy; and
- Pilot testing.

New South Wales

The Sydney based Metcon laboratory experienced a tougher year than previously due to increased competition on the East Coast. Metcon provides similar services to those of the WA operations and clients include mining companies and consultants based in New South Wales, Queensland and the Pacific nations closer to the East coast.

South Australia

The smallest of Ammtec's facilities, the strategically based Adelaide Optimet laboratory saw another improvement in FY10 following restructuring undertaken in FY09. Optimet is a laboratory providing specialist metallurgical testing on a number of different base metals.

Tasmania

Tasmania was affected by the reduction in mining and mineral processing activity within Tasmania and saw a drop in revenues as a result. The Burnie laboratory continues to build on customer relationships and as confidence returns to the mining sector in Tasmania will be able to capitalise on this growth in future years.

Purity Systems Inc (PSI) Resin Development and Sales

Ammtec remains firmly committed to the development of the resin technology. Increased business development efforts in the FY10 financial year have resulted in some promising commercial prospects particularly in the treatment of industrial waste streams from existing plants and environmental remediation.

During FY10, Ammtec continued to incur expenditure to advance PSI's technology and execute marketing initiatives. Whilst PSI incurred a loss for FY10, it has since announced its first major commercial sale.

DIRECTORS' REPORT

Marc Technologies

Marc is a complementary specialist engineering business that designs and installs laboratories and dust control systems for the mining and mining services sectors.

Marc currently comprises four sub-divisions:

- Air – designs and installs customized dust control and extraction systems;
- Laboratory – designs and builds commercial laboratories;
- Custom engineering and sampling – designs and supplies customized sampling technology and provides innovative engineering solutions to the air and laboratory divisions ; and
- Spare parts and services – after-sales service for the other three divisions

Marc implemented cost management initiatives during the year to improve EBITDA margins from 10% to 18% resulting in a 56% improvement in EBITDA compared to FY09.

Marc is currently expanding its services and has recently secured contracts to install customised dust extraction systems for the iron ore industry and also for the automation of wet and dry sampling techniques for mineral processes. In order to facilitate this, Ammtec relocated Marc to significantly larger and more modern premises in Bibra Lake, a suburb of Perth in December 2008 and has hired Eric Hendrix (previously an Automation Manager with Outotec) to manage its expansion. Strong demand for the automated sampling offering is expected, as it offers clients significant cost savings compared to the current labour intensive processes employed.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review other than the takeover bid by ALS as detailed in Note 29.

EVENTS SUBSEQUENT TO REPORTING DATE

Refer to Note 29 for details relating to the takeover bid of Ammtec by ALS. Other than the matters discussed above, the directors are not aware of any other matter or circumstance not otherwise dealt with in the report or accounts that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

In July 2010 Ammtec contributed an additional $US1million to fund PSI's working capital, this corresponded with the announcement of PSI's first major sale for $1.5million.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

At the date of this report, the directors are not aware of any developments likely to have a significant effect upon the Group's operations other than the unsolicited takeover bid by ALS as detailed in Note 29.

Ammtec released guidance on 26 May 2010 for FY11. This guidance acknowledged the impact of the global financial crisis on Ammtec's results for FY09 and FY10 during which Ammtec has continued to invest for growth. As a result it is expected that the Group will experience a significant upturn in revenue and earnings.

The key drivers of the forecast growth are:

Turnaround in Marc Technologies Specialist Engineering Division

The Marc specialist engineering division designs and builds laboratories, air extraction systems and robotic sampling equipment and provides custom engineering solutions.

The business has been significantly affected by the contraction in capital expenditure in the mining industry following the severe falls in commodity prices and export volumes in the second half of 2008.

Marc now has a strong and growing order book. At the time of preparing the forecasts, revenues in FY11 were expected to increase to $25million, with 52% contracted and 26% under negotiation. We expect Marc will benefit from expanded facilities and will return to profit margins experienced at the time of acquisition in early 2008.

Strong order book for Metallurgical Testing Division

Ammtec's metallurgical testing division is experiencing strong demand for its services as new resources projects are planned in Australia and internationally.

DIRECTORS' REPORT

Ammtec has made a number of significant recent investments including:

- Completion of the new purpose-built assay laboratory enabling faster turnarounds on test work;
- Expansion of Ammtec's pilot plant facilities to allow multiple simultaneous pilot projects;
- Introduction of mineralogy capabilities, including mobile mineralogy for the oil and gas industry;
- The new hydromet facility will be completed this year and will expand our capability to conduct pilot scale testing of nickel, iron ore, uranium and other metals; and
- Adoption of new, labour saving, automated sample preparation equipment by December 2010.

In addition to driving cost savings thereby improving profit margins these investments have given Ammtec additional capabilities, enabling the Company to enter new markets (such as oil and gas) and giving us a substantial edge over our competitors.

Ammtec has considered the potential impact of the proposed Minerals Resource Rent Tax (MRRT) on the FY11 guidance. Whilst it is considered that the MRRT tax may slow development of new projects in Australia, nearly 50% of Ammtec's metallurgical test work is for established operations that should continue to operate. Further, approximately 30% of Ammtec's test work revenue is derived from clients with overseas-based assets. Ammtec is well positioned to capture a share of any increased activity overseas due to the MRRT.

Positive contract pipeline for Purity Systems Inc (PSI)

Since acquisition in 2004, we have invested $6.7million to advance PSI's resin technology. Recent marketing has led to increased levels of interest in this technology and on 8 July 2010, PSI announced its first major commercial sale. The Board expects PSI breakeven in FY11.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

David Macoboy

Chairman
Independent Non-Executive Director

David Macoboy BEcon (Hons) BCom is well-known in the Australian mining industry for his key financial roles in emerging bulk-commodity mining houses. He has a wealth of business and corporate finance experience and is a Fellow of the AICD and a CPA.

He was Finance Director of Consolidated Minerals Ltd from 1999 to 2005 and Executive Director Finance and Corporate with Portman Mining Ltd from 1996 to 1999. He has also held senior executive positions with Challenge Bank, Merrill Lynch and Australian Capital Equity.

He is currently chairman of Vital Metals Ltd.

David brings more than 25 years cross-industry experience especially in the areas of corporate strategy, finance, treasury, risk management and international fund raising to the Ammtec Board.

David was appointed as a Director on 11 September 2007 and Chairman on 23 October 2007. He is a member of the remuneration committee, audit committee and risk and compliance committee.

Peter Rowe

Independent Non-Executive Director

Peter Rowe B.Sc. (Chem Eng), FAusIMM, MAICD has had extensive international mining experience during his 35 year career. He is a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Company Directors.

Peter commenced his career with Anglo American and De Beers before relocating to Australia where he held a number of senior managerial positions. These included project director of the Fimiston expansion, general manager of the Boddington Gold Mine and managing director and CEO of Bulong Nickel. He is also a past chairman of the Australian Gold Council. He recently retired from the position of executive vice president at AngloGold Ashanti.

He is a current non-executive director of Ironclad Mining Limited and Adamus Resources Limited and is non-executive chairman of Millenium Minerals Limited.

Peter was appointed as a director on 20 February 2009. He acts as chairman of the risk and compliance committee and the remuneration committee and is a member of the audit committee.

Ross Norgard

Independent Non-Executive Director

Ross Norgard is a Retired Fellow of the Institute of Chartered Accountants. He is the past Chairman of the Western Australian Professional Standards Committee and the Western Australian Professional Development Committee of the Institute of Chartered Accountants. Ross is the founding Chairman of Ipernica Limited (previously QPSX) and Founding Chairman and now Deputy Chairman of Brockman Resources Ltd.

Ross Norgard has been a director since 1994. He acts as chairman of the audit committee and is a member of the remuneration committee and risk and compliance committee.

Rodney Smith

Managing Director

Rod Smith, a graduate from the Western Australian School of Mines has 30 years experience in all aspects of metallurgical test work and operation of mineral processing plants.

Prior to joining Ammtec in 1985, Rod worked as a metallurgist with Great Boulder Mines and WMC Resources Ltd and had responsibility for test work and the efficient operation of nickel and gold treatment circuits in the Kalgoorlie region. He then joined the Mineral Processing Laboratory of the Western Australian Mines Department where he conducted research test work into the processing of a wide range of mineral and ore types. Rod is recognised for his experience and knowledge in the flotation of gold and base metal ores.

Rod Smith has been a director since 1994 and Managing Director since 1 July 1999. He is also a director of subsidiaries, Purity Systems Inc and Marc Technologies Pty Ltd.

DIRECTORS' REPORT

Hamid Sheriff

Executive Director

Hamid Sheriff graduated with a Bachelor of Science (Extractive Metallurgy) in 1989 and joined Ammtec in 1995. He is involved in a wide range of metallurgical test work including comminution testing, bench and pilot testing of free milling and refractory gold ores, flotation and grinding circuits. Prior to joining Ammtec Hamid worked for a number of gold mining companies and projects as plant and senior metallurgist to develop his skills in the flotation and pressure oxidation. Hamid is the Operations Director for the Balcatta operations.

Hamid Sheriff has been a director since 2002.

Ron Grogan

Executive Director

Ron Grogan graduated with a Bachelor of Applied Science (Metallurgy) in 1978. He joined Ammtec in 1996 bringing with him extensive experience in plant operations and project development. Prior to joining Ammtec Ron worked with WMC Resources Limited, Bond Gold Australia Pty Ltd and Outokumpu Australia Pty Ltd where he developed his skills in the feasibility, design, operation and financial aspects of gold and base metal projects.

Ron Grogan was an alternate director from 2002 until his appointment as a director on 15 February 2005. He is currently Acting Managing Director.

COMPANY SECRETARY

Sharyn Long has been the Company Secretary since 1994. Sharyn is an associate of the Institute of Chartered Accountants, a Fellow of the Taxation Institute of Australia and has a Bachelor of Business in Accounting. She is a Chartered Accountant, having spent her career in the business advisory services, accounting, tax and company secretarial areas of public practice. Sharyn operates the firm Sharyn Long Chartered Accountants which has offices in WA and Victoria. She has been associated with the financial affairs of Ammtec since 1985 and is Director and Company Secretary of subsidiaries Purity Systems Inc and Marc Technologies Pty Ltd.

Directors Meetings

During the year there were 8 directors meetings, 3 remuneration committee meetings, 2 audit committee meetings and 1 risk and compliance committee meeting. Attendances were as follows:

	Directors' Meetings		Remuneration Committee		Audit Committee		Rick & Compliance Committee	
	Number of Meetings Eligible to Attend	Number of Meetings Attended	Number of Meetings Eligible to Attend	Number of Meetings Attended	Number of Meetings Eligible to Attend	Number of Meetings Attended	Number of Meetings Eligible to Attend	Number of Meetings Attended
David Macoboy	8	8	3	3	2	2	1	1
Peter Rowe	8	8	3	2	2	2	1	1
Ross Norgard	8	7	3	3	2	2	1	1
Rod Smith	8	7	-	-	-	-	-	-
Hamid Sheriff	8	8	-	-	-	-	-	-
Ron Grogan	8	8	-	-	-	-	-	-

The members of the audit committee, the remuneration committee and the risk and compliance committee comprise the non-executive directors David Macoboy, Ross Norgard and Peter Rowe.

DIRECTORS' REPORT

REMUNERATION REPORT - AUDITED

Remuneration Committee

The role of the remuneration committee is to review and make recommendations to the Board on remuneration packages and policies applicable to the executive directors and other senior executives.

The members of the remuneration committee during the year were:

Peter Rowe	(Chairman of committee, independent non-executive director)
David Macoboy	(independent non-executive director)
Ross Norgard	(independent non-executive director)

The remuneration committee consists of three (minimum of two) non-executive directors and meets as required. The Managing Director is invited to the remuneration committee meetings as appropriate to discuss management performance and remuneration packages.

Principles of Compensation

Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. The remuneration committee may obtain independent advice on the appropriateness of remuneration packages.

Ammtec maintains a policy of analysing staff positions with respect to the upper quartile of remuneration review data as part of its policy of rewarding high calibre employees and to strategically protect the employee base during times of high demand.

Remuneration for the non-executive directors is based on recommendations of the remuneration committee and requires approval by shareholders. Non-executive directors do not receive performance related compensation. All equity based remuneration of directors needs to be approved at a general meeting of shareholders. 50% of the votes cast excluding those of the relevant directors needs to be in favour of the resolution for it to be passed.

Executive Directors and senior management may receive options based on the performance of the Group and the achievements of the individual. Senior management are also eligible to participate in the Group's Employee Share Plan. Remuneration packages include a mix of fixed and variable compensation, including short and long-term performance based incentives. Ammtec has introduced targets for the weighting between Short Term Incentive (STI) targets and Long Term Incentive (LTI) targets as a percentage of total remuneration and they differ between each category of employees. The targets that the company expects to achieve over time for each category of employee is as follows:

Category	STI	LTI
Managing Director	20%	40%
Management Executives	20%	30%
Senior Technical Managers	5%	15%

STI's are taken in the form of cash bonuses and the levels of STI's are determined on an annual basis by the Managing Director based on the financial performance of the company for the year and individual contributions to that performance. Any STI's are approved by the Remuneration Committee on recommendation of the Managing Director if appropriate.

The LTI takes the form an Employee Share Option Plan, which has a vesting period of 3 years and contains specific performance hurdles for each category of employee. These performance hurdles are as follows:

- Total Shareholder Return (TSR)
- Earnings Per Share (EPS)
- Profitability Performance Measures (PPM)

The same performance hurdles apply to the Management Executives and the Managing Director. The vesting conditions are a dual test of Earnings Per Share (EPS) and Relative Total Shareholder Return (TSR) (Vesting Conditions). The Board considered it appropriate to have a dual test since:

- an EPS component rewards achievement against a target which is within management's influence, thereby focusing executives on the Company's key business drivers; while
- a TSR component provides both an additional hurdle (where reward is only delivered for 'out-performing' a target) plus transparency for external stakeholders.

The Board believes that the dual tests, if achieved, will demonstrably aid the creation of shareholder value.

Each Vesting Condition is weighted evenly with vesting details as follows:

Earnings Per Share Target (50%)		Relative Total Shareholder Return Target (50%)	
EPS growth above target*	Options to vest	TSR growth above target**	Options to vest
< 10%	Nil	<50th percentile	0
By 10%	50%	At 50.1th percentile	50%
Between 10% and 20%	An additional 5% for each 1% increment (straight line vesting)	Between > 50th and 75th percentile	2% for each 1 percentile increase (straight line vesting)
By 20%	100%	>75th percentile	100%
Between 20% and 30% (straight line vesting)	An additional 2.5% for each 1% increment		
By 30%	125%		

* Target is EPS from prior year adjusted for one off transactions in that year.

** Target is constituents of comparator group of entities (comparators based on operations and market capitalisation).

DIRECTORS' REPORT

The performance hurdles for the Senior Technical Managers are 50% EPS and 50% PPM. The PPM's for this group are based on divisional revenue (25%) and the recordable injury frequency rate (25%).

- The EPS target is the same as for the Management Executives and Managing Director.
- For divisional revenue if budgeted revenue is met then 25% of the options will vest.
- For recordable injury frequency rate the options vest based on the following scale:

Total Recordable Injury Rate	Options to vest	Options to vest each year
20% or greater than the prior year	Nil	Nil
Between 20% higher and the same as the prior year	25%	8.25%
Same as prior year	50%	16.5%
Between the same as the prior year and 20% lower	75%	24.75%
More than 20% lower than the prior year	100%	33%

Service Contracts

The Group has entered into service contracts with Rod Smith, Hamid Sheriff and Ron Grogan that are capable of termination on six months notice. The Group retains the right to terminate a contract immediately by making payment equal to six months' pay in lieu of notice. The key management personnel are also entitled to receive on termination of employment their statutory entitlements to accrued annual and long service leave, together with superannuation benefits.

The service contract outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year by the Remuneration Committee which takes into account cost of living changes and the performance of the Group.

Rod Smith, Managing Director, has a contract of employment dated 22 June 2007 with the Company. The contract specifies his duties to be fulfilled and provides that these can be reviewed every 12 months in accordance with the Group's policies.

Sharyn Long Chartered Accountants has a 3 year contract with the Company for secretarial, accounting, tax and related issues. Transactional services are quoted and the terms agreed at the time the service is required.

DIRECTORS' REPORT

Directors' and senior executives' remuneration

Details of the nature and amount of each major element of the remuneration of each director and specified executive of the Group are:

30 June 2010

	Short-term			Post Employment	Share based payments			
	Base $	Non-cash Benefits $	Bonuses $	Super Conts $	$	Total $	Performance % [2]	Value of options % [3]
Directors								
D Macoboy	85,000	5,712	-	-	-	90,712	-	-
P Rowe	41,284	5,712	-	3,716	-	50,711	-	-
R Norgard	13,761	5,712	-	31,239	-	50,711	-	-
R Smith	349,980	25,602	-	50,000	100,571	526,153	19.1	19.1
H Sheriff	265,189	21,158	-	14,461	49,460	350,268	14.1	14.1
R Grogan	219,248	36,870	-	49,999	49,460	355,577	13.9	13.9
Executives								
D Briggs	173,144	-	-	50,000	26,632	249,776	10.6	10.6
S Long [1]	355,770	-	-	-	32,974	388,744	27.7	8.2

1 – Sharyn Long Chartered Accountants, a firm associated with Sharyn Long provides accounting and tax services as well as various transactional based and consulting services relating corporate actions being considered by the Group. These services are performed by Sharyn Long and staff employed by her firm, which have been included in the base emolument remuneration.

2 – Performance percentage relates to the total value of remuneration that is performance based.

3 – Value of options percentage is the total value of options issued as a percentage of total remuneration.

(a) The value of options granted during the year to the directors and Sharyn Long has been determined as $0.135 per option using the Black Scholes valuation method expanded using a trinomial lattice and to include probability assumptions and has been included in total remuneration above. The following factors and assumptions were used in determining the fair value of options on grant date for the directors:

- Grant date 22 October 2009
- Expiry date 22 October 2014
- Exercise price $2.68
- Price of shares on grant date $2.70
- Estimated volatility 41.26%, determined over a 5 year period ended September 2009
- Risk free interest rate 5.56%

(b) The company pays insurance premiums that cover certain directors and officers. The premium is split between the Company directors and other officers only. The average premium per person has been included in remuneration.

DIRECTORS' REPORT

30 June 2009

	Short-term			Post Employment	Share based payments			
	Base $	Non-cash Benefits $	Bonuses $	Super Conts $	$	Total $	Performance %[2]	Value of options %[3]
Directors								
D Macoboy	85,000	6,942	-	-	-	91,942	-	-
G Lloyd	17,201	2,054	-	1,548	-	20,803	-	-
P Rowe [2]	14,867	2,491	-	1,338	-	18,696	-	-
R Norgard	20,642	6,942	-	24,358	-	51,941	-	-
R Smith	296,600	25,747	-	92,067	32,751	447,164	7.3	7.3
H Sheriff	260,681	16,065	-	13,129	16,376	306,250	5.3	5.3
R Grogan	209,445	36,388	-	53,165	16,376	315,373	5.2	5.2
Executives								
D Briggs	169,847	-	-	24,153	28,000	222,000	12.6	12.6
S Long [1]	552,100	-	-	-	52,8655	604,965	8.7	8.7

1 – During the year Sharyn Long Chartered Accountants, a firm associated with Sharyn Long provided additional transactional based and consulting services relating to the proposed sale of Purity Systems Inc and other corporate actions being considered by the Group. These services are performed by Sharyn Long and staff employed by her firm, which have been included in the base emolument remuneration.

2 – Peter Rowe commenced 20 February 2009.

3 – Performance percentage relates to the total value of remuneration that is performance based.

4 – Value of options percentage is the total value of options issued as a percentage of total remuneration.

5 – Sharyn Long received options in August 2008 under the old plan and November 2008 under the new plan.

(a) The value of options granted during the year to the directors and Sharyn Long has been determined as $0.054 per option using the Black Scholes valuation method expanded using a trinomial lattice and to include probability assumptions and has been included in total remuneration above. The following factors and assumptions were used in determining the fair value of options on grant date for the directors:

- Grant date 15 November 2008
- Expiry date 15 October 2013
- Exercise price $3.30
- Price of shares on grant date $2.45
- Estimated volatility 35.43%, determined over a 5 year period ended November 2008
- Risk free interest rate 4.16%

(b) The value of options granted during the year to Sharyn Long has been determined as $0.81 per option using the Black Scholes valuation method and has been included in total remuneration above. The following factors and assumptions were used in determining the fair value of options on grant date for the directors:

- Grant date 18 August 2008
- Expiry date 18 July 2013
- Exercise price $3.94
- Price of shares on grant date $4.32
- Estimated volatility 28%, determined over a 5 year period ended August 2008
- Risk free interest rate 5.72%

(c) The company pays insurance premiums that cover certain directors and officers. The premium is split between the Company directors and other officers only. The average premium per person has been included in remuneration.

DIRECTORS' REPORT

Options granted to directors and senior executives as compensation

During the financial year, the Company granted options over unissued ordinary shares to the following directors and specified executives as part of their remuneration:

30 June 2010

	Number of Options Granted	Grant Date	Fair Value per Option at Grant Date	Exercise Price	Expiry Date	No of options vested during 2010
R Smith	600,000	22 October 2009	$0.135	$2.68	22 September 2014	52,000
H Sheriff	300,000	22 October 2009	$0.135	$2.68	22 September 2014	26,000
R Grogan	300,000	22 October 2009	$0.135	$2.68	22 September 2014	26,000
S Long	200,000	22 October 2009	$0.135	$2.68	22 September 2014	17,333
D Briggs	200,000	22 October 2009	$0.135	$2.68	22 September 2014	-

No options have been granted since the end of the financial year up to the date of signing this report. The options were provided at no cost to the recipients. The options issued in October 2009 will not vest for 3 years and only if the specified performance hurdles have been met. If the performance hurdles are not met the options will not vest. 121,333 of the 2008 Options vested in November 2009 after the attainment of performance hurdles related to the 2008 grant.

30 June 2009

	Number of Options Granted	Grant Date	Fair Value per Option at Grant Date	Exercise Price	Expiry Date	No of options vested during 2009
R Smith	600,000	15 November 2008	$0.054	$3.30	15 October 2013	-
H Sheriff	300,000	15 November 2008	$0.054	$3.30	15 October 2013	-
R Grogan	300,000	15 November 2008	$0.054	$3.30	15 October 2013	-
S Long	200,000	15 November 2008	$0.054	$3.30	15 October 2013	-
S Long	100,000	18 August 2008	$0.81	$3.94	18 July 2013	100,000

The options were provided at no cost to the recipients. The options will only vest provided specified performance hurdles have been met. The options issued in August 2008 vested immediately.

Analysis of options granted to directors and senior executives as compensation

Details of the vesting profiles of the options granted as remuneration to each director and senior executive are as follows:

	Number of Options Granted	Grant Date	% vested in year	% forfeited in year	Date on which grant vests [1]
R Smith	600,000	22 October 2009	Nil	Nil	22 October 2012
	600,000	15 November 2008	8.67%	24.67%	15 October 2013
H Sheriff	300,000	22 October 2009	Nil	Nil	22 October 2012
	300,000	15 November 2008	8.67%	24.67%	15 October 2013
R Grogan	300,000	22 October 2009	Nil	Nil	22 October 2012
	300,000	15 November 2008	8.67%	24.67%	15 October 2013
S Long	200,000	22 October 2009	Nil	Nil	22 October 2012
	200,000	15 November 2008	8.67%	24.67%	15 October 2013
D Briggs	200,000	22 October 2009	Nil	Nil	22 October 2012

1 - this is the latest date for the vesting and vesting will only occur if performance conditions have been satisfied.

Analysis of movements in options

The movement during the financial year, by value, of options over ordinary shares in Ammtec Limited held by each director and specified executive is detailed below.

	Granted in year $	Exercised in year $	Lapsed in year $	Value of options granted in year $
R Smith	100,571	-	8,079	92,492
H Sheriff	49,460	-	4,039	45,421
R Grogan	49,460	-	4,039	45,421
S Long	32,974	-	2,693	30,281
D Briggs	26,632	-	-	26,632

(a) The value of options granted during the year is the fair value of the options calculated at grant date using a Black-Scholes valuation method expanded using a trinomial lattice and to include probability assumptions. The total value of the options granted is included in the table above. The amount is allocated to remuneration over the vesting period.

(b) The value of options exercised during the year, where applicable, is calculated as the market price of shares of the Company on the Australian Stock Exchange as at the close of trading on the date the options were exercised after deducting the price paid to exercise the option.

(c) The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using a Black-Scholes model. The options that lapsed during the year lapsed due to not achieving the performance hurdles associated with the 2008 grant.

DIRECTORS' REPORT

OPTIONS – UNAUDITED

Shares issued on exercise of options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows:

Number of Shares	Amount Paid on Each Share
33,500	1.60
39,000	2.42
11,982	0.00

There were no amounts unpaid on the shares issued.

Further details of the Employee Share Option Scheme are disclosed in Note 23.

Unissued shares under option
At the date of this report unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number of Shares
15 July 2010	$2.42	3,000
31 October 2010	$2.57	20,000
22 July 2011	$3.83	238,000
31 October 2011	$4.39	167,000
11 August 2012	$3.93	202,000
28 October 2012	$4.01	62,400
18 July 2013	$3.94	200,000
16 September 2013	$0.00	182,407
15 October 2013	$3.30	1,054,666
22 September 2014	$0.00	286,000
22 September 2014	$2.68	1,600,000

These options terminate on the date of expiry or date of termination of employment, whichever is earlier. These options do not entitle the holder to participate in any share issue of the Company.

The options that expire in 2013 and 2014 were issued under the amended Employee Share Option Plan and will not vest to the employees until the particular performance criteria has been met.

DIRECTORS INTERESTS

As at the date of this report the interests of the Directors in the shares of the Company were:

	Ordinary Shares	Options over Ordinary Shares (vested)	Options over Ordinary Shares (not vested)
D Macoboy	100,000	-	-
P Rowe	-	-	-
R Norgard	270,270	-	-
R Smith	477,864	129,000	1,000,000
H Sheriff	161,686	102,200	500,000
R Grogan	384,585	122,200	500,000

DIRECTORS' REPORT

CORPORATE GOVERNANCE STATEMENT

The corporate governance practices in place throughout the financial year complied with the ASX Corporate Governance Council recommendations, unless otherwise stated. The Corporate Governance Policy was reviewed in February 2010 to ensure that Corporate Governance continues to be in accordance with the best practise guidelines.

1. Board of Directors

(a) Role of the Board

The Board's role is to guide and monitor the business and affairs of the Group on behalf of the shareholders to whom they are responsible. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the company's circumstances and ensure processes and procedures are in place to achieve the company's corporate governance objectives.

The Board, in the discharge of its duties, is required to delegate responsibility for the operation and administration of the company to management. The Managing Director, being involved in the day to day operation of the Group, ensures the efficiency of this responsibility and reports to the Board.

(b) Board Process

To assist in the execution of its responsibilities, the Board has established a number of Board committees including a remuneration committee, an audit committee and a risk and compliance committee. These committees have written mandates and operating procedures, which are reviewed on a regular basis.

The main responsibilities of the Board are detailed below:

- Approving the strategic direction, policies and budgets of the Company and ensuring that these are followed.
- Approving and monitoring the progress of major capital expenditure over $150,000, capital management and acquisitions and divestures.
- Monitoring financial performance including approval of the annual and half year financial statements and reports.
- Appointing the Managing Director and monitoring the performance of the Managing Director and other senior management.
- Overseeing the remuneration, development and succession planning for the Managing Director and senior management, and ensuring that appropriate human resource management systems are in place.
- Ensuring appropriate risk management systems are established and reports on performance are regularly reviewed.
- Reviewing and approving the Company's compliance systems and corporate governance principles.
- Ensuring the Company provides continuous disclosure of information to the investment community, and that shareholders have available all information they reasonably require to make informed assessments of the Company's prospects.
- Overseeing the Company's commitment to its values, sustainable development, the environment and health and safety of employees, contractors, customers and the community.
- Ensuring the reputation of the Company is protected and enhanced.

(c) Independent professional advice and access to company information

Each director has the right to seek independent professional advice at the company's expense. However, prior approval of the Board is required, which should not be withheld unreasonably.

(d) Composition of the Board

The composition of the Board is determined using the following principles:

- The Chairman of the Board is a non-executive and independent director.
- The Board will comprise of directors with a broad range of expertise and experience relevant to the company's business. There is no set ratio of non-executive to executive directors, however the Board will include a minimum of two non-executive directors.
- There is no maximum for the number of directors on the Board. Currently there are six directors, three non-executive and three executive directors. When it is considered that the Board would benefit from the services of a new director with particular skills, then an appropriate person will be elected.
- Different people must fill the positions of chairperson and Managing Director.
- The independence of the non-executives directors is assessed on an annual basis to determine that they are still independent.
- Due to the size of the Board there is no nomination committee, these functions are performed by the remuneration committee.

2. Committees of the Board

Audit Committee

The audit committee has a documented charter approved by the Board. The audit committee consists of three non-executive directors who are all considered to be independent directors.

The role of the audit committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.

The members of the audit committee during the year were:

Ross Norgard	(Chairman of the committee, independent non-executive director)
David Macoboy	(Independent non-executive director)
Peter Rowe	(Independent non-executive director)

The auditors, Managing Director and Company Secretary are invited to audit committee meetings as appropriate.

The Managing Director being the responsible director declares in writing to the Board that the financial reports present a true and fair view, in all material respects, of the Group's financial position and that the operational results are in accordance with relevant accounting standards.

The audit committee also gives the Board additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in financial statements.

The responsibilities of the audit committee include the following:

- Identifying significant risks and ensuring that adequate processes are in place to adequately manage those risks.
- To maintain and review systems of controls within the Group and redress any deficiencies or breakdowns when they arise.
- Reviewing compliance of the Board and company with all relevant legislation including the Corporations Act 2001, ASX Listing Rules and Income Tax Legislation.
- Maintenance of proper accounting records and ensures the implementation of any improvement in the quality of the accounting function.

The audit committee is responsible for liaising with the Group's auditors during the year and ensuring that the annual audit and half-year review are conducted in an effective manner. The auditors are engaged, subject to satisfactory completion of their duties for a period of three years. The audit engagement will be formally reviewed at the conclusion of each three year period.

In conjunction with the performance of the audits, the audit committee reviews the following and makes recommendations to the Board for the approval of the reports:

- The results and findings of each audit, the adequacy of financial and operating controls, and monitors the implementation of any recommendations made.
- The proforma preliminary final statement and proforma half-year statement prior to lodgement of these documents with the ASX, and any significant adjustments required as a result of the audit.
- The draft financial statements and the audit report prior to lodgement with ASIC and ASX.

Remuneration Committee

The role of the remuneration committee is to review and make recommendations to the Board on remuneration packages and policies applicable to the executive directors and other senior executives.

The committee consists of a minimum of two non-executive directors and meets as required. The Remuneration committee applies the policies set out in the remuneration report contained in the Director's report.

Risk Management Committee

The role of the risk management committee is to review the risk assessment of the Group on a biannual basis and to provide input into risk management processes and procedures. The committee oversees the identification of risks, analyses the potential consequences and how likely those consequences are to occur, compares the risk analysis against pre-established criteria, implements risk management plans and monitors and reviews the effectiveness of the risk management plan in controlling the risk.

The committee consists of a minimum of three non-executive directors and meets annually. The committee reports directly to the Board of Directors.

Management provides an update on the key risks at each Directors meeting.

3. Promoting Ethical and Responsible Decision Making

Ethical Standards

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

(a) Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of the company.

(b) Code of conduct

The Company has established a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders. This code of conduct has been distributed to all staff and is available on the website.

The Company has advised each director, manager and employee that they are required to operate under the code of ethics as required by the Australasian Institute for Mining and Metallurgy (AusIMM).

Our established code of conduct describes five ethical principles, respect for persons, respect for the law and system of government, integrity, diligence, and economy and efficiency.

The Code outlines our expected ethical standards and provides a guide to appropriate ethical behaviour for executives, managers and employees in carrying out their duties and responsibilities.

DIRECTORS' REPORT

(c) Trading in securities by Directors

The Company's policy on trading in securities applies only to the Directors and the Company Secretary as they are the only employees who are privy to detailed financial information on the Group.

The Board has formally advised the Directors and the Company Secretary that if they become aware of any details or matters, which may affect the share price of the security they may not trade in those securities until this information has been made available to the ASX.

In addition the Directors and Company Secretary must not trade in the companies securities during the following circumstances:

- Two months immediately preceding the preliminary announcement of Ammtec's annual results or, if shorter, the period from the relevant financial year end up to and including the time of the announcement; and
- Two months immediately preceding the publication of the half-yearly report or, if shorter, the period from the relevant financial period end up to and including the time of such publication.

  Directors must advise the Company Secretary of Ammtec Limited of any change in their security holdings in the company within 3 days of that change occurring.

4. Shareholders

Communications with Shareholders

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders as follows:

- The annual report is provided via the Company's website to all shareholders (unless a shareholder has specifically requested to receive a physical copy or not to receive the document). The Board ensures that the annual report includes relevant information about the operations of the Group during the year, changes in the state of affairs of the Group and details of future developments, in addition to the other disclosures required by the Corporations Act 2001.
- Half-year reviewed financial statements prepared in accordance with the requirements of Accounting Standards and the Corporations Act 2001 are lodged with the Australian Stock Exchange and contain summarised financial information together with a review of the operations of the Group during the period.
- All ASX releases are made available via the Group's website after they have been released to the ASX.
- All information provided to analysts or media during briefings is made available to all shareholders via the website, after they have been released to the ASX.
- The full text of notices of meeting and explanatory material is on the website.
- Proposed major changes in the company, which may impact on share ownership rights, are submitted to a vote of shareholders.
- The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions.
- The shareholders are responsible for voting on the appointment of Directors.
- The board encourages the participation of the external auditor at the annual general meeting and ensures they are available to answer shareholder questions about the conduct of the audit and preparation and content of the auditor's report.

5. Financial Reporting

Financial reporting

The Managing Director and the Company Secretary (responsible for financial reporting) have declared in writing to the Board that the Group's financial reports are founded on a sound system of risk management and internal compliance and controls which implement the policies adopted by the Board.

Policies and procedures are designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and these matters are addressed at every Board meeting. Procedures are also in place to ensure that all relevant information is reported to the ASX in accordance with the Continuous Disclosure Requirements.

The Company Secretary is responsible for all communications with the ASX and the directors are updated on these details at each board meeting.

Monthly financial statements are prepared and comparison is made to budgets on a monthly basis. In addition regular finance meetings are held between the Managing Director and Company Secretary to assess and review the financial situation of the company and identify potential risk areas.

6. Risk Management and Internal Controls

Risk Management

(a) Overview of the risk management system

The Board oversees the establishment, implementation and annual review of the Group's risk management system. Management has established and implemented a risk management system for assessing, monitoring and managing operational, financial reporting and compliance risks for the Group. The Managing Director and the Company Secretary have declared, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. The Company has established a risk and compliance committee to address risk.

(b) Risk profile

Management provide the updated risk register to the Board regularly at board meetings. The risk and compliance committee meet annually to review the status of the risk register and material business risks to the Group. Risk reporting includes the status of risks through integrated risk management programs aimed at ensuring risks are identified, assessed and appropriately managed.

Each business operational unit is responsible and accountable for implementing and managing the standards required by the program.

Major risks arise from such matters as the world prices of gold and other base metals, actions by competitors, government policy changes, sourcing appropriately qualified and experienced personnel, environmental issues, occupational health and safety, property, financial reporting and advances in technology.

The Managing Director has stated to the Board in writing that the Company's risk management and compliance systems are operating effectively in all material respects in accordance with the established risk management policies

(c) Risk management and compliance and control

The Group strives to ensure that the metallurgical services provided are of the highest standard and that products are of the highest standard.

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities.

DIRECTORS' REPORT

The board have implemented Strategic Plans for Ammtec and Marc following a review of the risk management system in 2009, these comprehensive plans have been established to ensure:

- Capital expenditure and revenue commitments above a certain level obtain prior board approval.
- Financial exposures are controlled, refer to note 24.
- Occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations.
- Quality and integrity of personnel (see below)
- Financial reporting accuracy and compliance with the financial regulatory framework (see 5 above)
- Environmental regulation compliance (see below)

Quality and integrity of personnel

Written confirmation of compliance with ethical and risk management policies is obtained from all senior management. Regular training and development and appropriate remuneration with regular performance reviews create an environment of co-operation and constructive dialogue with employees and senior management.

Environmental Regulations

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

The Board is continually addressing its environmental responsibilities and has established the following environmental objectives:

- To conduct all work in an environmentally sound manner;
- To promote the use of environmentally sound practices within the mining community; and
- To promote and secure the safety and health of all employees.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the financial year, the Group has paid premiums in respect of a contract insuring all the Directors of the Company against a liability incurred in their role as Directors of the company, except where:

(a) the liability arises out of conduct involving a wilful breach of duty; or

(b) there has been a contravention of Section 232 of the Corporations Act 2001.

There is no disclosure of the total amount of insurance contract premiums paid during the year as this is prohibited by the insurance contract. The amount is included as part of Directors' remuneration in the Remuneration Report.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 22 and forms part of the directors' report for the year ended 30 June 2010.

This report is made with a Resolution of the Directors.

Ron Grogan
Acting Managing Director

Dated at Perth this 12th day of August 2010.

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Ammtec Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

B P Steedman
Partner

Perth

12 August 2010

COMPREHENSIVE INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated		Ammtec Ltd	
	Note	2010	2009	2010	2009
		$	$	$	$
Revenue	7	53,969,327	55,162,725	-	-
Other income	7	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	7	196,854	7,227	-	-
Financial expenses	7	(527,168)	(1,241,205)	(27,506)	(343,285)
Net financing costs	**7**	**(330,314)**	**(1,233,978)**	**(27,506)**	**(343,285)**
Profit before income tax	**7**	**10,385,246**	**9,955,434**	**11,939,640**	**11,399,648**
Income tax expense	8	(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	10	20.34 cents	27.11 cents	-	-
Diluted earnings per share	10	20.09 cents	26.88 cents	-	-

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated		Ammtec Ltd	
		2010	2009	2010	2009
		$	$	$	$
EQUITY HOLDERS					
Share Capital					
Balance at start of period		25,703,838	25,068,190	25,703,838	25,068,190
Issue of share capital		18,939,388	181,000	18,939,388	181,000
Share options exercised		114,100	60,140	114,100	60,140
Shares issued through the Dividend Reinvestment Plan		1,136,982	394,508	1,136,982	394,508
Total Share Capital	22	45,894,308	25,703,838	45,894,308	25,703,838
Share Option Reserve					
Balance at start of period		1,402,170	1,046,942	1,402,170	1,046,942
Equity settled share based payment transactions		315,915	361,115	315,915	361,115
Share options transferred to retained earnings		(25,667)	(5,887)	(25,667)	(5,887)
Total Share Option Reserve	22	1,692,418	1,402,170	1,692,418	1,402,170
Translation Reserve					
Balance at start of period		630,879	(125,101)	-	-
Foreign currency translation differences		(250,404)	755,980	-	-
Transfer between reserves		(718,801)	-	-	-
Total Translation Reserve	22	(338,326)	630,879	-	-
Revaluation Reserve					
Balance at start of period		3,331,831	-	1,467,871	-
Revaluation of land		-	3,331,831	-	1,467,871
Total Revaluation Reserve		3,331,831	3,331,831	1,467,871	1,467,871
Non-controlling Interest Reserve					
Balance at start of period		-	-	-	-
Acquisition of non-controlling interest		(190,443)	-	-	-
Non-controlling Interest Reserve		(190,443)	-	-	-
Total Reserves		4,495,480	5,364,880	3,160,289	2,870,041
Sub-Total Capital & Reserves B/ forward		50,389,788	31,068,718	49,054,597	28,573,879

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010 (CONT.)

		Consolidated		Ammtec Ltd	
	Note	2010	2009	2010	2009
		$	$	$	$
Sub-Total Capital & Reserves C/ forward		**50,389,788**	**31,068,718**	**49,054,597**	**28,573,879**
Retained Earnings					
Balance at start of period		11,791,744	9,969,112	12,135,537	9,399,604
Profit for the period		7,162,345	6,885,373	8,015,976	7,798,674
Share options transferred from reserve		25,667	5,887	25,667	5,887
Transfer between reserves		698,873	-	-	-
Total for the period		19,678,629	16,860,372	20,177,180	17,204,165
Dividends	9	(5,962,561)	(5,068,628)	(5,962,561)	(5,068,628)
Retained Earnings at End of Period		**13,716,068**	**11,791,744**	**14,214,619**	**12,135,537**
Total Equity Attributable to Equity Holders		**64,105,856**	**42,860,462**	**63,269,216**	**40,709,41**
NON-CONTROLLING INTERESTS					
Balance at start of period		91,509	215,971	-	-
Foreign currency translation differences		17,662	265,742	-	-
Profit/(Loss) for the period		(417,702)	(390,204)	-	-
Effect of non-controlling interest in new equity		204,571	-	-	-
Transfer between reserves		19,927	-	-	-
Total Equity Attributable to Non-controlling Interests		**(84,033)**	**91,509**	**-**	**-**
Total Equity		**64,021,823**	**42,951,971**	**63,269,216**	**40,709,416**

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2010

		Consolidated		Ammtec Ltd	
	Note	2010	2009	2010	2009
		$	$	$	$
Current Assets					
Cash and cash equivalents	17	3,107,235	1,036,874	-	158
Trade and other receivables	11	15,425,940	9,728,016	33,935,284	11,145,152
Inventories	12	2,514,939	2,188,233	-	-
Other	13	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	14	39,736,845	32,559,771	10,543,950	10,560,460
Investments	15	-	-	22,132,680	22,132,680
Intangible assets	16	22,062,838	22,247,643	-	-
Deferred tax assets	8	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	17	366,814	500,759	74	-
Trade and other payables	18	8,702,869	7,556,558	605,923	1,205,923
Interest bearing liabilities	19	1,611,428	1,594,841	-	-
Current tax payable		1,791,543	388,639	1,797,481	413,603
Employee benefits	20	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	18	-	873,327	10,000	582,494
Interest bearing liabilities	19	3,845,003	11,048,631	-	-
Deferred tax liabilities	8	1,747,203	1,747,203	1,100,237	1,100,237
Employee benefits	20	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	22	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**

The accompanying notes form part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		Ammtec Ltd	
	Note	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	17(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	17(b)	**2,740,421**	**536,115**	**(74)**	**158**

The accompanying notes form part of these financial statements.

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

NOTE 1 REPORTING ENTITY

Ammtec Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is 6 MacAdam Place, Balcatta. The consolidated financial statements of the Company as at and for the year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is involved in metallurgical and mineral testing consulting services, engineering design and installation of laboratories and dust control systems to the mining industry.

NOTE 2 BASIS OF PREPARATION

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Group and the Company also complies with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of the Directors on 12 August 2010.

(b) Basis of Measurement

The financial report is prepared on the historical cost basis, except for land which is disclosed at fair value.

(c) Functional and Presentation Currency

The financial report is presented in Australian dollars, which is the Company's functional currency.

(d) Use of Estimates and Judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are reviewed on an ongoing basis and based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 16 - measurement of the recoverable amounts of cash-generating units containing goodwill
Note 23 - measurement of share-based payments

(e) Changes in Accounting Policies

Starting as of 1 July 2009, the Group has changed its accounting policies in the following areas.

Presentation of financial statements

The Group applies revised AASB101 Presentation of Financial Statements, which became effective as of 1 January 2009. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation, there is no impact on earnings per share.

Accounting for acquisitions of non-controlling interests

The Group has adopted AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements for acquisitions of non-controlling interests from 1 July 2009. Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Previously, goodwill was recognised arising on the acquisition of a non-controlling interest in a subsidiary; and that represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

Except as described, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

The Company and Group have not elected to early adopt any other standards that are not mandatory for annual periods beginning on 1 July 2009.

(a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

In the Company's financial statements, investments in subsidiaries are carried at cost.

Associates

Associates are entities in which the Company has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is recognised.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities are measured in terms of historical cost in a foreign currency and are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Since 1 July 2004 such differences have been recognised directly in equity in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve.

(c) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, ie the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

(d) Property, plant and equipment

Owned assets

Land is valued at fair value, based on a market valuation obtained from a qualified valuer. The Group's policy is to obtain an independent valuation every three years, or in the case of a significant change, every year. The Directors believe the carrying of land at fair value is a more appropriate representation of the assets of the Group.

All other items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2004, the date of transition to AASBs, were measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use, and, when relevant, the costs of dismantling and removing the items and restoring the site on which they are located.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The carrying value of items of plant, equipment, fixtures and fittings has been determined to represent fair value at acquisition.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

Buildings	40 years
Plant and equipment	3-20 years
Leased plant and equipment	3-20 years

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(e) Intangible assets

Goodwill

Goodwill arises in the acquisition of subsidiaries, associates and jointly controlled entities.

Acquisitions

Acquisitions prior to 1 July 2003

Goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous Australian Accounting Standards. The classification and accounting treatment of acquisitions that occurred prior to 1 July 2003 has not been reconsidered in preparing the Group's opening AIFRS balance sheet at 1 July 2004.

Acquisitions since 1 July 2003

All acquisitions after 1 July 2003 are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit and loss.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated impairment losses. The Trademark has been determined to have an indefinite useful life as Ammtec has a strong brand that has existed that way for a long period of time. The value of the Trademark has not been diminished over this period and is therefore considered to have an indefinite useful life.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit and loss as incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each annual balance date.

(f) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other leases are operating leases and the leased assets are not recognised on the Group's statement of financial position.

(g) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses, this is provided as a determination of fair value.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories are based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition and includes an appropriate share of overheads based on normal operating capacity. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment

The carrying amounts of the Group's assets, other than, inventories, employee benefit assets, and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

The recoverable amount of other assets is the greater of their 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.

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in the income statement.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee benefits

Long-term employee benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance date which have maturity dates approximating to the terms of the Group's obligations.

Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax. The Group does not provide for non vesting sick leave.

Share-based payment transactions

The employee share option plan allows the Group's employees to acquire shares in the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured based on the Black-Scholes valuation method expanded using a trinomial lattice and to include probability assumptions, taking into account the terms and conditions upon which the instruments were granted. The value of the options are measured at grant date and expensed over their expected vesting period.

Under the Group's employee share scheme, shares are granted to all eligible full-time employees. The fair value of the shares issued to the employees is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect 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, when appropriate, the risks specific to the liability.

(l) Trade and other payables

Trade and other payables are stated at cost.

(m) Revenue

Services rendered

Revenue from services rendered is recognised in profit and loss in proportion to the stage of completion of the transaction at the reporting date except for projects with a short project life or a small value where revenue is recognised on completion. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be reliably measured.

Government grants

Government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions attaching to it. Grants that compensate the Group for expenses incurred are recognised in profit and loss as other income on a systematic basis over the useful life of the asset.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss.

Finance expenses comprise interest on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of an asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(o) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(p) Segment reporting

The Group has determined and presents operating segments based on the information that is provided in management reports to the Managing Director and the Board. AASB 8 requires the disclosure of segment information based on the internal reports regularly reviewed by the Group's Managing Director in order to assess each segment's performance and to allocate resources to them.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board and the Managing Director to make decisions about resources to be allocated to the segment and assess it performance, and for which discrete financial information is available.

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 comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(q) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares, which comprise share options granted to employees.

(s) Presentation of financial statements

The Group applies revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(t) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.
- AASB 124 Related Party Disclosures (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory from the Group's 30 June 2012 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

NOTE 4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The carrying value of items of plant, equipment, fixtures and fittings has been determined to represent fair value at acquisition. The market value of a property is the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. The market value for items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Intangible Assets

The fair value of intangible assets acquired in a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business, less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

NOTE 4 DETERMINATION OF FAIR VALUES (Continued)

Share-based payment transactions

The fair value of the options granted is measured based on the Black-Scholes valuation method expanded using a trinomial lattice and to include probability assumptions around the possibility of reaching performance hurdles, taking into account the terms and conditions upon which the instruments were granted. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk free interest rate (based on government bonds). The value of the options are measured at grant date and expensed over their expected vesting period.

NOTE 5 FINANCIAL RISK MANAGEMENT

The Company and Group have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company' and Group's exposure to each of the above risks, their objectives and processes for measuring and managing risk and the management of capital.

Risk Management framework

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the risk management committee, which is responsible for developing and monitoring risk management policies. This committee meets annually to review risks. Between meetings of the risk management committee management presents an update of the risk register at every board meeting.

The Board oversees how management monitors compliance with the Company's and Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company and the Group.

Credit Risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

The Accountants, General Managers and Managing Director, as appropriate review new clients and complete credit checks where necessary to ensure that the client will be able to meet its debts. The Group has a strong history of debt recovery. Impairment losses are booked where it is believed that the client will default on payment. Generally the impairment losses are less than 0.01% of credit sales. Where it is thought that a client may default a policy of requesting payment upfront or before delivery is implemented. The review of aged receivables is presented to the Board at every meeting for review.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Managing Director and Company Secretary actively manage the liquidity to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damaging the Group's reputation.

The Group maintains the following lines of credit:

- $3.0 million overdraft facility that is secured, interest is payable at the Business Indicator rate plus a customer margin.
- $4.16 million market rate facility that can be drawn to meet short-term financing needs. Interest is payable at the prevailing market rate.
- $350,000 market rate facility that is secured, interest is payable at the prevailing market rate.
- $3.3 million Bank Guarantee Facility, secured by a fixed and floating charge over the whole of the assets of Marc.
- $500,000 Documentary Letter of Credit Facility.

Further details of these facilities are disclosed in Note 19.

NOTE 5 FINANCIAL RISK MANAGEMENT (Continued)

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income.

Currency Risk

The Group's exposure to currency risk is limited to its investment in US based Purity Systems Inc. This exposure is not considered to impose a significant risk to the Group and therefore no currency hedges have been taken in respect to this risk.

Interest Rate Risk

The Group has negotiated short-term variable rate facilities that are rolled on a monthly basis, to take advantage of the best interest rates available in order to mitigate the risks of rising interest rates.

Capital Management

The Board's policy is to maintain a strong capital base to maintain investor and market confidence and to contribute to the future growth of the business. The Board aims to maintain current levels of dividends whilst not undermining future growth by managing the current levels of debt. The debt to equity ratio is monitored on a monthly basis to ensure that the ratio of debt to net assets does not exceed 50%.

There were no changes to the Groups approach to capital management during the year.

NOTE 6 SEGMENT INFORMATION

The Group has six reportable segments, as described below, which 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. Marc Technologies designs and builds laboratories, sophisticated air extraction systems, innovative sampling equipment, and also provides custom engineering solutions, predominately to the mining sector. Marc Technologies has state of the art design and fabrication facilities in Bibra Lake in Western Australia.
- PSI. PSI holds a worldwide exclusive licence to produce resins which extract heavy metals from solutions. PSI has a laboratory in Montana, USA.

NOTE 6 SEGMENT INFORMATION (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**

NOTE 6 SEGMENT INFORMATION (Continued)

30 June 2009

	WA	NSW	SA	TAS	Marc	PSI	Total
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**

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

NOTE 7 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	-	-
Other income				
- 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
Finance income and expenses				
- 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)
Personnel expenses				
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	-	-
	20,538,739	19,269,694	-	-

NOTE 8 TAXATION

(a) Income Tax Expense

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	$	$	$	$
Current tax expense				
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)
	3,944,699	**3,772,273**	**3,921,458**	**3,750,070**
Deferred tax expense				
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	10,385,246	9,955,434	11,939,640	11,399,648
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**

(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	-	-	-
Tax assets	**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
Tax liabilities	**1,747,203**	**1,747,203**	**1,100,237**	**1,100,237**
Net	**(394,753)**	**(698,849)**	**(929,220)**	**(927,014)**

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

NOTE 8 TAXATION (Continued)

(d) Movement in temporary differences during the year

30 June 2010 - Consolidated

	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)**

30 June 2009 - Consolidated

	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)**

30 June 2010 - Company

	Balance 1 July 2008	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)**

30 June 2009 - Company

	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 9 DIVIDENDS PAID OR PROPOSED

	Consolidated		Ammtec Ltd	
	2010	2009	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	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	1,525,833	2,360,036	1,525,833
Dividends recognised during year	**5,962,561**	**5,068,628**	**5,962,561**	**5,068,628**

Subsequent to Reporting Date

Ammtec is subject to takeover activity by ALS (refer to Note 29). This offer includes a condition that between 18 May 2010 and the end of the Offer period that Ammtec and its subsidiaries are not to distribute any dividend without ALS's approval.

The Directors have 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.

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.

Dividend Franking Account

The amount of franking credits available for the subsequent financial year are:

	Ammtec Ltd	
	2010	2009
	$	$
- franking account balance as at the end of the financial year	8,052,413	8,077,620
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	1,754,671	413,603
- franking debits that will arise from the payment of proposed dividend determined after the end of the financial year	(1,722,193)	(1,539,586)
30% franking credits available to shareholders of Ammtec Limited	**8,084,891**	**6,951,637**

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

NOTE 10 EARNINGS PER SHARE

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
Number for diluted earnings per share	**35,646,054**	**25,612,622**

NOTE 11 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.

The Groups exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in Note 24.

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

NOTE 12 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	-	-
	2,514,939	2,188,233	-	-

NOTE 13 OTHER ASSETS

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	$	$	$	$
Current				
Prepayments	603,573	243,189	-	-

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	$	$	$	$
Freehold Land				
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**
Buildings				
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**
Plant & Equipment				
At cost	18,043,716	14,060,976	-	-
Less: Accumulated depreciation	(7,136,425)	(5,985,815)	-	-
	10,907,291	**8,075,161**	**-**	**-**
Motor Vehicles under Hire Purchase				
At cost	299,175	299,175	-	-
Less: Accumulated depreciation	(109,403)	(60,362)	-	-
	189,772	**238,813**	**-**	**-**
Plant & Equipment Under Lease				
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**

NOTE 14 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:				
Land				
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**
Buildings				
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**
Plant and equipment				
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**	**-**	**-**
Motor Vehicles under Hire Purchase				
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**	**-**	**-**
Leased plant and equipment				
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**	**-**	**-**

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

NOTE 14 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 15 INVESTMENTS

Controlled Entities

These investments are recorded in the financial statements of the Group as follows:

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

The Groups exposure to credit, currency and interest rate risks related to other investments is disclosed in Note 24.

The investment in PSI is owned by Ammtec Unit Trust.

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

NOTE 16 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.

NOTE 17 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	-	-
Movement in				
- 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**

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in Note 24.

NOTE 17 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 18 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**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 24.

The deferred consideration represents the final instalment payable to the Marc vendors for the purchase of the units in Marc Unit Trust in February 2011.

NOTE 19 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 (see note 14).

NOTE 19 LOANS AND BORROWINGS (Continued)

Finance lease liabilities

Finance lease liabilities of the Group are payable as follows:

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	$	$	$	$
Less than one year	1,487,051	1,551,834	-	-
Later than one year but not later than 2 years	2,096,162	1,476,827	-	-
Later than 2 years but not later than 5 years	2,189,959	4,251,176	-	-
Minimum lease payments	5,773,172	7,279,837	-	-
Less future finance changes	(832,427)	(1,309,128)	-	-
Total Lease Liability	**4,940,745**	**5,970,709**	**-**	**-**
Current liability	1,447,466	1,506,762	-	-
Non-current liability	3,493,279	4,463,947	-	-
	4,940,745	**5,970,709**	**-**	**-**

The lease liabilities are secured by a charge over the leased assets.

NOTE 20 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 21 EMPLOYEE BENEFITS

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	$	$	$	$
Salaries and wages accrued	350,573	208,486	-	-
Liability for annual leave	1,515,459	1,284,357	-	-
Liability for long service leave	1,201,679	1,105,794	-	-
	3,067,711	**2,598,637**	**-**	**-**

The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

	2010	2009
a) Assumed rate of increase in wage and salary rates	3.5%	3.5%
b) Discount rate	4.91%	5.42%
c) Settlement term (years)	3 years	3 years

Superannuation Commitments

All employees receive superannuation support which will result in benefits on retirement, death or disability as the Group has a legal obligation under the Superannuation Guarantee Scheme to contribute on their behalf.

The Group contributed a minimum of 9% of base salary, for each employee and these contributions are placed with various complying funds, on a regular basis. Senior staff are also able to salary sacrifice up to 50% of their fixed remuneration above the 9% minimum contribution at their discretion. These funds are managed by outside investment managers and there is no reason to believe that funds would not be sufficient to pay benefits as vested in the event of termination of the fund or termination of employment of each employee.

NOTE 22 CONTRIBUTED EQUITY

	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.

	Consolidated 2010 $	Consolidated 2009 $	Ammtec Ltd 2010 $	Ammtec Ltd 2009 $
Share Option Reserve				
Movements during the year:				
Balance at the beginning of the financial year	1,402,170	1,046,942	1,402,170	1,046,942
Value of options issued pursuant to Employee Share Option Scheme	315,915	361,115	315,915	361,115
Share capital issued out of share option reserve Employee Share Option Scheme	(25,667)	(5,887)	(25,667)	(5,887)
	1,692,418	**1,402,170**	**1,692,418**	**1,402,170**

The share option reserve was established to track the value of employee options issued and exercised. Additions to the reserve are determined by the fair value of options issued under the employee share option scheme. When shares are issued on exercise of options their value is transferred to retained earnings.

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

NOTE 23 SHARE BASED PAYMENTS

Employee Share Options

The Group has an Employee Share Option Plan where key senior technical managers, Executive Directors and the Company Secretary of the Group are issued with options over ordinary shares. The options, issued for nil consideration, are issued in accordance with performance guidelines established by the Directors of Ammtec Ltd. The options cannot be transferred and are not quoted on the ASX.

The Employee Share Option Plan established in October 2008 separates the employees into 3 groups as follows:

- Managing Director
- Management Executives
- Senior Technical Managers

Each of these groups is issued employee options with a vesting period of 3 years and differing performance guidelines as established by the Directors. The options issued to Senior Technical Managers have a nil exercise price. The options issued to the Managing Director and Management executives have an exercise price based on the volume weighted average market price of the shares over the 5 days preceding the issue or some higher price as determined by the Board.

During the year, 1,886,000 (2009: 1,872,000) options were issued under this scheme. The balance of options held on 30 June 2010 was 4,031,139 (2009: 2,636,900). The exercise dates and prices of these options are as follows:

	2010		2009	
Exercisable Until	No. of Options	Exercise Price	No. of Options	Exercise Price
30 July 2009	-	-	33,500	$1.60
15 July 2010	17,000	$2.42	42,000	$2.42
31 October 2010	20,000	$2.57	20,000	$2.57
22 July 2011	238,000	$3.83	238,000	$3.83
31 October 2011	167,000	$4.39	167,000	$4.39
11 August 2012	202,000	$3.93	202,000	$3.93
28 October 2012	62,400	$4.01	62,400	$4.01
18 July 2013	200,000	$3.94	200,000	$3.94
16 September 2013	184,073	$0.00	272,000	$0.00
15 October 2013	1,054.666	$3.30	1,400,000	$3.30
22 September 2014	286,000	$0.00	-	-
22 September 2014	1,600,000	$2.68	-	-

The options issued prior to September 2008 may be exercised immediately. The options issued under the new plan introduced at the AGM in October 2008 will not vest until the specified performance conditions have been met over a 3 year period. The specified performance conditions are detailed in the remuneration report and include the following:

For the Management Executives and the Managing Director, the vesting conditions are a dual test of Earnings Per Share (EPS) and Relative Total Shareholder Return (TSR) (Vesting Conditions). The Board considered it appropriate to have a dual test since:

- an EPS component rewards achievement against a target which is within management's influence, thereby focusing executives on the Company's key business drivers; while
- a TSR component provides both an additional hurdle (where reward is only delivered for 'out-performing' a target) plus transparency for external stakeholders.

NOTE 23 SHARE BASED PAYMENTS (Continued)

The performance hurdles for the Senior Technical Managers are 50% EPS and 50% PPM. The PPM's for this group are based on divisional revenue (25%) and the recordable injury frequency rate (25%).

- The EPS target is the same as for the Management Executives and Managing Director.
- For divisional revenue if budgeted revenue is met then 25% of the options will vest.
- For recordable injury frequency rate the options vest based on the following scale:

Total Recordable Injury Rate	Options to vest	Options to vest each year
20% or greater than the prior year	Nil	Nil
Between 20% higher and the same as the prior year	25%	8.25%
Same as prior year	50%	16.5%
Between the same as the prior year and 20% lower	75%	24.75%
More than 20% lower than the prior year	100%	33%

The number and weighted average exercise prices of share options are as follows:

	2010		2009	
	Weighted average exercise price	Number of Options	Weighted average exercise price	Number of Options
Outstanding at 1 July	$2.99	2,636,900	$3.70	798,900
Forfeited during the period	$2.45	(422,945)	-	-
Exercised during the period	$0.60	(68,816)	$1.77	(34,000)
Granted during the period	$2.27	1,886,000	$2.66	1,872,000
Outstanding at 30 June	$2.73	4,031,139	$2.99	2,636,900
Exercisable at 30 June	$3.84	1,034,076	$3.82	964,900

The options outstanding at 30 June 2009 have an exercise price in the range of $2.42 to $4.39 and a weighted average contractual life of 3 years.

The weighted average share price at the date of exercise for share options exercised during the year ended 30 June 2010 was $0.60 (2009: $1.77).

Employee Share Plan

The Group has an Employee Share Plan which was established to reward eligible employees for their contributions to the profitability of the Group. An eligible employee is a part-time or full-time permanent employee of the Group excluding all Directors and the Company Secretary. During the year a total of 93,462 shares were allotted for nil cash consideration to 222 eligible employees. Participants are obliged to remain the beneficial owner of the shares acquired under the plan for three years from the date of allotment. The Directors may offer shares to eligible employees as they see fit, but may not issue shares with a market value of greater than $1,000 to any employee in any given financial year. The shares issued do not exceed 5% of the total number of shares in the Company.

NOTE 24 FINANCIAL INSTRUMENTS

Credit Risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

The carrying amount of the Group's financial assets represent the maximum credit risk exposure. The Groups maximum Group exposure to credit risk at the reporting date was:

	2010	2009
	$	$
Cash & cash equivalents	2,740,421	536,115
Loans & receivables	15,425,940	9,728,016
	18,166,361	10,264,131

The Group does not have significant exposure to any individual counter party.

The ageing of the Groups trade receivables at the reporting date was:

	2010		2009	
	Gross	Impairment	Gross	Impairment
	$	$	$	$
Not past due	6,446,933	-	4,713,689	-
Past due 0-30 days	7,408,304	-	2,314,282	-
Past due 31-90 days	511,394	-	848,653	-
Past due 91 days to one year	1,059,309	-	1,963,387	111,995
	15,425,940	-	9,840,011	111,995

The impairment loss at 30 June 2009 relates to customers that the Group believes will default on payments. All debts considered bad debts have been written off at 30 June 2010, therefore no impairment is necessary.

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days. This represents greater than 89.8% of the balance at 30 June 2010 (30 June 2009: 71.4%).

The Company's maximum exposure to credit risk for receivables at the reporting date is $33,935,284 (2009:$11,145,152). All receivables are with subsidiaries.

NOTE 24 FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements.

	Carrying Amount $	Contractual cash flows $	12 months or less $	1-2 years $	2-5 years $	More than 5 years $
30 June 2010 – Consolidated						
Non-derivative financial liabilities						
Bank Overdraft	366,814	366,814	366,814	-	-	-
Trade & other payables	8,702,869	8,702,869	8,702,869	-	-	-
Finance lease liabilities	4,940,745	5,773,172	1,487,051	2,096,162	2,189,959	-
HP liabilities	204,313	219,864	135,720	84,144	-	-
Secured bank loans	262,100	262,100	1,000	261,100	-	-
	14,476,841	**15,324,819**	**10,693,454**	**2,441,406**	**2,189,959**	**-**
30 June 2009 - Consolidated						
Non-derivative financial liabilities						
Bank Overdraft	500,759	500,759	500,759	-	-	-
Trade & other payables	8,429,885	8,457,391	7,556,558	900,833	-	-
Finance lease liabilities	5,970,709	7,279,837	1,551,834	1,476,827	4,251,176	-
HP liabilities	341,663	385,439	88,078	297,361	-	-
Secured bank loans	6,331,100	6,331,100	-	6,331,100	-	
	21,574,116	**22,954,526**	**9,697,229**	**9,006,121**	**4,251,176**	**-**
30 June 2010 – Ammtec Ltd						
Non-derivative financial liabilities						
Trade & other payables	615,923	615,923	605,923	-	10,000	-
	615,923	**615,923**	**605,923**	**-**	**10,000**	**-**
30 June 2009 – Ammtec Ltd						
Non-derivative financial liabilities						
Trade & other payables	1,788,417	1,815,923	1,205,923	600,000	10,000	-
	1,788,417	**1,815,923**	**1,205,923**	**600,000**	**10,000**	**-**

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to foreign currency risk arises mainly from its investment in US based subsidiary Purity Systems Inc. The Group does not have significant exposure to foreign currency risk at balance date.

The exchange rates applied during the year were:

	Average rate		Reporting date spot rate	
	2010	2009	2010	2009
	$	$	$	$
USD	0.8319	0.8870	0.8523	0.8114

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

NOTE 24 FINANCIAL INSTRUMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were:

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	$	$	$	$
Fixed rate instruments				
Interest bearing liabilities	(5,194,331)	(6,312,372)	-	-
Variable rate instruments				
Cash assets/bank overdraft	2,740,421	536,115	(74)	158
Secured bank loans	(262,100)	(6,331,100)	-	-

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect the profit or loss.

Cash flow sensitivity analysis for variable rate instruments

As the interest on the Groups bank accounts are floating and vary with the market interest rate, any change in interest rates will have no impact on the valuation of the accounts. The amount of interest the Group will receive in the future is dependent on the bank balances at this time.

A change of 100 basis points in interest rates would have increased or decreased the Groups equity by $2,621 (2009: $63,311) and the Company's equity by nil.

Fair Values

The carrying amount of all the Group and Company's financial instruments at the balance date approximated their fair value.

NOTE 25 OPERATING LEASES

The Group leases a number of warehouse, factory and laboratory facilities under operating leases. The leases typically run for a period of 5 years, with an option to renew the lease after that date. Some of the leases provide for annual rent increases inline with a relevant price index.

During the year ended 30 June 2010 $1,332,410 was recognised as an expense in the income statement in respect of operating leases (2009: $1,068,096).

The leases represent operating leases as the title to the land does not pass and the rent paid to the landlord is increased to market rent at regular intervals, and the Group does not participate in the residual value of the building, therefore in effect substantially all the risks and rewards of the buildings are with the landlord.

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	$	$	$	$
Less than one year	1,542,987	1,115,714	-	-
Later than one year but not later than 2 years	1,597,890	1,153,677	-	-
Later than 2 years but not later than 5 years	2,759,327	3,226,758	-	-
Total operating lease commitments	5,900,204	5,496,149	-	-

NOTE 26 CAPITAL AND OTHER COMMITMENTS

Capital Expenditure Commitments

The Group has entered into a contract to construct buildings on 201 Balcatta Road, Balcatta an adjoining property to the existing Balcatta facilities.

The amount outstanding on this contract is $1.6 million. The construction is expected to be completed by December 2010.

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

NOTE 27 RELATED PARTIES

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The remuneration committee can obtain independent advice on the appropriateness of remuneration levels.

Remuneration of non-executive directors is approved by shareholders based on recommendations of the remuneration committee. Non-executive directors do not receive options or bonuses.

Superannuation is paid for non-executive directors at the mandated statutory rate plus salary sacrifice amounts where applicable.

All equity based remuneration of directors needs to be approved at a general meeting of shareholders. 75% of the votes cast excluding those of the relevant directors needs to be in favour of the resolution for it to be passed.

Executive Directors' and senior management may receive options based on the performance of the Group and the achievements of the individual. Senior management are also eligible to participate in the Groups Employee Share Plan.

The following were the key management personnel for the Group during the period for the entire period:

Non executive Directors	Executive Directors	Executives
David Macoboy (Chairman)	Rodney Smith (Managing Director)	David Briggs (General Manager–PSI)
Ross Norgard	Hamid Sheriff	Sharyn Long (Company Secretary/CFO)
Peter Rowe	Ron Grogan	

Remuneration of Directors and specified executives by the Group

Information regarding individual directors and executives compensation and some equity instruments disclosures as permitted by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the directors report.

Apart from the details disclosed in the note no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving director interests existing at year end.

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' is as follows:

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	$	$	$	$
Wages and salaries	1,147,606	964,573	-	-
Other associated personnel expenses	655,950	260,713	-	-
Movement in provision for employee entitlements	(16,618)	53,141	-	-
Equity-settled share-based payment transactions	259,097	157,567	-	-
	2,046,035	**1,435,994**	**-**	**-**

The key management personnel receive no compensation in relation to the management of the Company. Other associated personnel expenses include accounting fees paid to Sharyn Long Chartered Accountants for accounting and company secretarial services rendered through the year.

Equity Instruments

All options refer to options over ordinary shares of Ammtec Limited, which are exercisable on a one-for-one basis under the Employee Share Option Plan.

NOTE 27 RELATED PARTIES (Continued)

Options over equity instruments granted as remuneration

During the reporting period, the following options over ordinary shares were granted and vested during the year under the Employee Share Option Plan.

	No. of Options granted during the year	No. of Options vested during the year
R Smith	600,000	52,000
H Sheriff	300,000	26,000
R Grogan	300,000	26,000
S Long	200,000	17,333
D Briggs	200,000	-

All options expire on the earlier of their expiry date or termination of the individual's employment, whichever is sooner.

Exercise of options granted as remuneration

No shares were issued on the exercise of options previously granted as remuneration during the period.

There are no amounts unpaid on the shares as a result of the exercise of options by management personnel.

Option holdings

The movement during the reporting period in the number of options over ordinary shares in Ammtec Limited held, directly, indirectly or beneficially, by each Director and non-executive, including their personally related entities, is as follows:

30 June 2010

Director	Held at 1 July 2009	Granted as Remuneration	Exercised	Lapsed	Held at 30 June 2010	Vested and exercisable at 30 June 2010
D Macoboy	-	-	-	-	-	-
P Rowe	-	-	-	-	-	-
R Norgard	-	-	-	-	-	-
R Smith	677,000	600,000	-	(148,000)	1,129,000	129,000
H Sheriff	376,200	300,000	-	(74,000)	602,200	102,200
R Grogan	396,200	300,000	-	(74,000)	622,200	122,200
S Long	300,000	200,000	-	(49,334)	450,666	117,333
D Briggs	-	-	-	-	-	-

30 June 2009

Director	Held at 1 July 2009	Granted as Remuneration	Exercised	Lapsed	Held at 30 June 2009	Vested and exercisable at 30 June 2009
D Macoboy	-	-	-	-	-	-
G Lloyd	-	-	-	-	-	-
R Norgard	-	-	-	-	-	-
R Smith	77,000	600,000	-	-	677,000	77,000
H Sheriff	76,200	300,000	-	-	376,200	76,200
R Grogan	96,200	300,000	-	-	396,200	96,200
S Long	16,000	300,000	(16,000)	-	300,000	100,000
D Briggs	-	-	-	-	-	-

NOTE 27 RELATED PARTIES (Continued)

Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares of Ammtec Limited held directly, indirectly or beneficially, by each Director and non-executive, including their personally related entities is as follows:

30 June 2010

Director	Held at 1 July 2009	Purchased	Received On exercise Of options	Sales	Held at 30 June 2010
D Macoboy	20,000	80,000	-	-	100,000
P Rowe	-	-	-	-	-
R Norgard	-	270,270	-	-	270,270
R Smith	477,864	-	-	-	477,864
H Sheriff	153,578	8,108	-	-	161,686
R Grogan	344,060	46,525	-	(6,000)	384,585
S Long	98,981	15,304	-	-	114,285
D Briggs	-	-	-	-	-

30 June 2009

Director	Held at 1 July 2009	Purchased	Received On exercise Of options	Sales	Held at 30 June 2009
D Macoboy	20,000	-	-	-	20,000
P Rowe	-	-	-	-	-
R Norgard	-	-	-	-	-
R Smith	427,526	50,338	-	-	477,864
H Sheriff	153,578	-	-	-	153,578
R Grogan	321,516	22,544	-	-	344,060
S Long	75,963	7,018	16,000	-	98,981
D Briggs	-	-	-	-	-

Subsidiaries

Loans made by the Company to wholly owned subsidiaries have no fixed date of repayment and are non-interest bearing. During the year ended 30 June 2010, such loans to subsidiaries totalled $33,935,284 (2009: $11,145,152).

During the year there were a number of transactions between the two subsidiaries. The transactions between subsidiaries are priced on an arm's length basis.

NOTE 28 GROUP ENTITIES

In the financial statements of the Company investments in subsidiaries are measured at cost.

Subsidiaries	Country of Incorporation	Ownership Interest 2010	Ownership Interest 2009
Marc Unit Trust	Australia	100.0%	100.0%
Purity Systems Inc (owned by Ammtec Unit Trust)	USA	72.48%	69.9%
ISS Pty Ltd (owned by Marc Unit Trust)	Australia	50.0%	50.0%

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

NOTE 28 GROUP ENTITIES (Continued)

On 1 October 2009 the Group acquired an additional 2.88% interest in PSI for $1,115,678 taking the Company's total shareholding to 72.48%. The fair value of the net assets attributable to the non-controlling interest has been attributed directly to equity.

NOTE 29 TAKEOVER BID BY AUSTRALIAN LABORATORY SERVICES PTY LTD (ALS)

On 18 May 2010 Campbell Brothers Limited (CPB) announced its intention to acquire all the shares in Ammtec. Subsequent to this offer on 5 July 2010 ALS a wholly-owned subsidiary of CPB lodged a Bidder's Statement with ASX in relation to the takeover bid.

ALS is offering to purchase all the shares in Ammtec as at the record date for $3.35 cash for each share or 2 CPB shares for every 17 Ammtec shares held.

Full details of the offer are included in ALS's bidders statement lodged with the ASX on 5 July 2010. Ammtec's response and recommendations to shareholders are contained in our Target Statement lodged with the ASX on 23 July 2010 and available on our website at www.ammtec.com.au.

Ammtec's directors have recommended that shareholders reject the offer. Full details and support for this position are contained in the Target's Statement and further updates will be provided as they become available. The offer is expected to close on 23 August 2010, unless extended.

Fees of $1.5million will be payable to Azure Capital should the takeover complete.

NOTE 30 EVENTS AFTER BALANCE DATE

Other than as detailed in Note 29, we are not aware of any matter or circumstance that has occurred since 30 June 2010 that, in our opinion, has significantly affected or may affect in future years:

- our operations;
- the results of those operations; or
- the state of our affairs.

In July 2010 Ammtec announced PSI's first major sale for $1.5million.

NOTE 31 AUDITORS' REMUNERATION

	Consolidated		Ammtec Ltd	
	2010	2009	2010	2009
	$	$	$	$
Auditors of the Group				
KPMG Australia:				
Audit and review of financial reports	92,245	149,525	-	-
Other services	-	-	-	-
	92,245	149,525	-	-

All amounts payable to the Auditors of the Company were paid by a Group Subsidiary.

DIRECTORS DECLARATION

1. In the opinion of the directors of Ammtec Limited:

   a. The financial statements and notes and the Remuneration report in the Directors report, set out on pages 9 to 15, are in accordance with the Corporations Act 2001, including:

      i. Giving a true and fair view of the Company's and Group's financial position as at 30 June 2010 and of their performance, for the financial year ended on that date; and

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

   b. The financial report also complies with International Financial Reporting Standards as disclosed in note 2(a);

   c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Company Secretary for the financial year ended 30 June 2010.

Signed in accordance with a resolution of the directors:

Ron Grogan
Acting Managing Director

Dated at Perth 12th August 2010.

Independent auditor's report to the members of Ammtec Limited

Report on the financial report

We have audited the accompanying financial report of Ammtec Limited (the company), which comprises the statements of financial position as at 30 June 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flow for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control 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 (a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance

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

KPMG

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

Auditor's opinion

In our opinion:

(a) the financial report of Ammtec Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2010 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.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2 (a).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Ammtec Limited for the year ended 30 June 2010, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

B P Steedman
Partner

Perth

12 August 2010

SHAREHOLDER INFORMATION

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Phone: **Within Australia:** 1300 557 010 **Outside Australia:** +613 9415 4000 **Facsimile:** 08 9323 2033

Internet: http://www.computershare.com.au

Enquiries and Online Shareholder Information

Shareholders with enquiries about their shareholdings should contact the Company's share registry, Computershare Investor Services Pty Ltd.

Shareholders can obtain information about their holdings or view their account instructions online, as well as download forms to update their holder details, including address details. For identification and security purposes, you will need to know your Holder Identification (HIN/SRN), Surname/Company Name and Post/Country Code to access. This service is accessible via the Investor Centre on the Company's website or direct via the Computershare website.

If you have any queries regarding the Takeover you can contact the Ammtec information line on the following numbers:

Phone: **Within Australia:** 1800 810 869 **Outside Australia:** +61 2 8280 7179

Dividends

Ammtec is subject to takeover activity by ALS (refer to investor centre at www.ammtec.com.au).

The Board has resolved to pay a final fully franked dividend of 11 cents per share with a record date of 24 September 2010 and payment on 29 October 2010.

Dividend Reinvestment plan

The DRP has been suspended for the dividend payable on 29 October 2010.

Annual Report mailing list

Shareholders who wish to vary their annual report mailing arrangements should advise Computershare in writing. Electronic versions of the report are available to all via the Company's website. Annual Financial Reports will be mailed to all shareholders who elect to be placed on the mailing list. Report election forms can be downloaded from Computershare's website.

Shareholders Calendar

The Shareholders Calendar can be accessed on our website at www.ammtec.com.au

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules disclosed and not shown elsewhere in this report is as follows:

Category	Ordinary shares
1 - 1,000	391,462
1,001 - 10,000	5,963,064
10,001 - 100,000	14,270,099
100,001 - 1,000,000	11,467,419
1,000,001 - and over	4,439,316
	36,531,360

There are 57 shareholders that hold less than a marketable parcel as at 31 July 2010.

Substantial Shareholders

There was one substantial shareholder at 31 July 2010 being Perpetual Limited and subsidiaries, the total holding of the substantial shareholder was 2,178,848.

Voting Rights

All ordinary shares carry one vote per share without restriction.

On–Market Buy–Back

There is no current on-market buy-back

20 Largest Shareholders

Name of Shareholder	Number of ordinary shares held	Percentage of capital held
HSBC Custody Nominees (Australia) Limited	1,969,190	5.39
RBC Dexia Investor Services Australia Nominees Pty Limited	1,426,643	3.91
National Nominees Ltd	1,180,457	3.23
Australian Laboratory Services Pty Ltd	901,050	2.47
UBS Nominees Limited	896,524	2.45
Milton Corporation Ltd	870,339	2.38
ANZ Nominees Limited	819,290	2.24
JP Morgan Nominees Australia Limited	752,205	2.06
Donald Cant Pty Ltd	593,656	1.63
Frederick Robert Madden	501,216	1.37
Choiseul Investments Ltd	467,108	1.28
Citicorp Nominees Pty Ltd	434,727	1.19
Agnes Esther Sinclair	411,671	1.13
Charles Peter Taylor	339,671	0.93
Rodney John Smith	317,526	0.87
Ronald Kevin Grogan	314,102	0.86
Project Advisory Services Pty Ltd	299,401	0.82
Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	290,163	0.79
Penswood Pty Ltd	255,193	0.70
Evizel Pty Ltd	245,143	0.67
	13,285,275	**36.37**

Other Information

Ammtec Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

COMPANY DIRECTORY

ABN
23 063 332 516

Directors
David Macoboy
Peter Rowe
Ross Norgard
Rod Smith
Hamid Sheriff
Ron Grogan

Company Secretary
Sharyn Long
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Auditors
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235 St Georges Terrace
Perth WA 6000

Bankers
National Australia Bank
226 Main Street
Osborne Park WA 6017

Further Information
Copies of this report or further information can be obtained from Ammtec Limited.
This report is also available in electronic format at http://www.ammtec.com.au.

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