Matrix Composites & Engineering Ltd

APPENDIX 4E

Preliminary Final Report
For the year ended 30 June 2011

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The current reporting period is the financial year ended 30 June 2011. The previous corresponding period is the financial year ended 30 June 2010 (marked with an *).

			Actual Results	
	Increased/ Decreased	%	Current Period $'000	Corresponding Period* $'000
Revenue from ordinary activities	Increased	+82%	187,271	102,622
Net profit after tax	Increased	+85%	33,608	18,155
Net profit for the period attributable to members	Increased	+85%	33,604	18,160

Dividends		Cents per share
Current Period Interim dividend – fully franked Dividend paid on	29- Apr-2011	3.0 cents
Final Dividend – fully franked Declared for the period Record date for determining entitlement to the dividend	17-Oct-2011	5.0 cents
Date payable	31-Oct-2011	

Earnings Per Share	Current Period	Corresponding Period*
Basic (diluted) Earnings Per Share	46.0 cents/share	29.4 cents/share

Net Tangible Asset Backing	Current Period	Corresponding Period*
Net Tangible Asset Backing Per Share	$1.51	$0.73

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited and the audit report contains no qualifications		The accounts have been subject to review	
The accounts are in the process of being audited or subject to review	✓	The accounts have not yet been audited or reviewed	

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HIGHLIGHTS FOR THE FINANCIAL YEAR

ENDED 30 JUNE 2011

- Record $33.6 million NPAT, up 85% from FY2010.
- Record revenue of $187 million, an increase of over 82% from the previous year.
- Final fully franked dividend of 5 cents per ordinary share. Total fully franked dividend of 8 cents for ordinary share for FY 2011, a 100% increase on FY 2010.
- 56% growth in earnings per share.
- Substantial progress on new product development and product diversification.
- Record June 2011 module production as a result of additional capacity at Henderson as commissioning reaches its conclusion.
- Order book of approximately $110 million carried forward to FY2012; quotation book approximately $500m.
- Henderson Stage 1 Plant commissioning completed in June 2011.
- Capital raising completed in April/May 2011 raised approximately $33.8 million (net of capital raising costs) which underwrites the development of new products, implementation of earnings accretive processes and expansion into international locations.
- Strong Balance Sheet at the end of FY2011 – net tangible assets per share more than doubled to $1.51 per ordinary security.

OPERATIONAL AND FINANCIAL REVIEW

Year in Review

The highlight of the last twelve months has been the successful commissioning of our state of the art facility in Henderson. The Henderson facility represents a global step change in composite syntactic foam technology and incorporates an unprecedented degree of sophistication and automation which will strengthen Matrix's position as market leader in composite materials technology.

Over the course of the year we continued to expand our international client base, landing several major contracts with international drilling contractors for export orders destined for Malaysia, the USA and Korea. This has been achieved in conjunction with building and commissioning our new plant, working through an unprecedented backlog, driving several new product developments and establishing operations in the USA. Furthermore in the course of meeting these challenges we have nearly doubled our Net Profit After Tax (NPAT) to a record $33.6 million.

Growth

Matrix believes that our organic growth opportunities provide a superior return at lower levels of risk than growth via acquisition. To this end, in April 2011 we embarked on a successful $33.8 million capital raising (net of capital raising costs) to provide funding to facilitate this growth.

The application of these funds will include new product tooling, product development, several new earnings accretive processes and additional working capital required to fund activities in the USA and Brazil.

The changing market place, new opportunities

The Rig New Build Market is exhibiting strong signs of recovery with a resurgence of rig new build commitments by drilling contractors over the last half of FY2011. In addition a large number of subsea developments have been announced regionally and globally which is expected to culminate in increased demand for the Company's Subsea Umbilical Risers and Flowlines (SURF) product lines as both new projects and projects that have been reactivated following the Global Financial Crisis (GFC) enter the construction phase in 2012.

Despite a bullish long term outlook, market conditions have changed in terms of structure, competitive landscape and size over the past twelve months presenting both challenges and opportunities. Matrix's strategic planning process has enabled the company to identify and adapt our strategic objectives accordingly which include:

- Continuous improvement of materials and process technologies to ensure the company maintains a market leadership position in the riser buoyancy market.
- Broadening the customer and service base through the establishment of regional operations in Brazil and the USA, with a possible expansion to West Africa and a regional service base in Asia.
- Diversification of product mix which will result in several new products scheduled for launch in the first half of FY 2012 including a new range of SURF, pipeline and drilling and completion products which have already generated significant revenue.
- Offshore sourcing of labour intensive material inputs to South East Asian based suppliers, in response to the strength of the AUD; and
- The expansion of Matrix Offshore Services & Engineering (MOSE) (formerly Begley International) into the growing regional offshore services market.

New products and technology

The first half of FY 2012 will see the commercial launch of several new product lines and services including:

- Two revolutionary product technologies designed for use with "un-bonded" flexible risers and subsea umbilicals.
- An expanded range of composite drilling and completions centralisers. The demand for this product is being driven by offshore lateral well developments and the rapidly growing Coal Bed Methane and Shale Gas market. Significant orders for these products will be delivered in Q1 FY2012 for both North American and Asian based projects and strong growth in this product line is expected throughout the year.
- A family of new syntactic insulation materials for Downstream LNG and applications; and
- An expansion of the scope and location of onsite, remote and offshore specialty services offered by MOSE.

OPERATIONAL AND FINANCIAL REVIEW

These products will diversify the application of our core materials technologies whist strengthening our position in existing markets.

People

The company's personnel grew to a peak of over 400 staff in 2011 as production at Matrix's Malaga facility reached and maintained record levels and recruitment began for Henderson operations. We continue to source high calibre, key personnel nationally and globally from specialised fields such as subsea engineering, composite engineering, industrial chemistry and chemical engineering.

Recruitment for our U.S operations commenced in early 2011 with the placement of our Vice President, North America in June 2011. Recruitment for operations in Brazil and additional staff in the U.S is currently underway which will broaden our sales and service reach into these markets.

QHSE

Matrix maintained its ISO 9001 status for both Matrix Offshore Services & Engineering and Matrix Composites and Engineering. Matrix's Henderson Facility has also been recommended for ISO 9001 certification, which is expected to be completed before the end Q1 FY2012.

Matrix continues to be a safety culture driven organisation and is driven towards best practice across all operations. From our foundation we have considered the safety of our employees, contractors and visitors to be of paramount importance, this remains a key principal that guides our operations company wide.

Outlook

The fundamental macro driver of our business continues to remain strong as global energy demand drives the offshore industry into deeper and deeper water. The current business conditions are manifested in our open tender pipeline which currently approximates an unprecedented $500 million, We have also developed a significant new business line which targets the rapidly growing Shale Gas and Coal Bed Methane market , which broadens our market and customer base whilst maintaining our focus on our core competencies.

The Henderson plant gives Matrix a significant technical edge over global competition, however in order to fully capitalise on the opportunity that this provides our business we are focused on expanding our customer base, our product range and our service and product lifecycle management programs. Recent developments in SURF products, Drilling and completions products and an expanded international service and sales network is designed to enable us to achieve these goals.

Despite changing market conditions, we anticipate 20% revenue growth during FY2012.

Key Results Table

	2011FY	2010FY	Comment
Revenue	$187.3 million	$102.6 million	+ 82%
EBITDA	$52.6 million	$28.1 million	+87%
Net profit after tax	$33.6 million	$18.2 million	+85%
Earnings per share	46.0 cents	29.4 cents	Weighted average over the reporting period
Dividends per share	8.0 cents	4.0 cents	5c final + 3c interim
Order Book	$110 million	$188 million	Quotation book of approximately $500m; expectations for further orders is high
Gearing	6.7%	-	Low ratio due to cash raised in recent capital raising and conservative debt levels

OPERATIONAL AND FINANCIAL REVIEW

Income Statement

Revenue grew $84.6 million to $187.3 million, an increase of 82% as a result of further organic growth and increased capacity at the Company's Malaga plant. The Henderson facility only contributed marginally to revenue as it was only commissioned during June 2011.

The consolidated profit from ordinary activities after income tax attributable to shareholders for the year is $33.6 million, an increase of $15.5 million, or 85%, over the results of the previous year. This profit represents a 17.9% return on sales, marginally up on last year's performance (17.7%).

Earnings per share amounted to 46.0 cents (2010: 29.4 cents) and the Directors have approved the payment of a final dividend of 5.0 cents per share, fully franked. (2010: 2.0 cents per share).

Balance Sheet

During the financial year the Company's total assets increased by $67 million to $201 million. The major components making up this increase are:

- Cash on hand has increased by $13 million.
- Financial instruments and derivatives increased $5.8 million.
- Property, plant and equipment have increased by $42 million mainly due to the Company's Henderson development.
- Trade receivables and inventories had a combined increase of $3.5 million.
- Total liabilities remained steady at $74 million, however the major change to liabilities are:
- Decrease in progress claims and deposits on contracts of $35.6 million.
- Increase in the Company's borrowings by $27 million, as a result of the Henderson development and plant fit-out.
- Increase of $4.6 million in the provision for income tax payable.

The Company's gearing position, defined as net debt to equity, is a conservative 6.7%, as compared to zero last year. The Company has a target debt to equity ratio of 15% to 25%.

Changes in equity

The Company's equity increased by almost $67 million for the year to $127 million, due to new share issues and profits earned during the year.

The Company issued 3,550,000 shares at $8.50 per share to institutional shareholders in April 2011 and a subsequent 567,409 shares to all other shareholders pursuant to a Share Placement Plan, also at $8.50 per share. Proceeds from the issues will principally be used for the development of the Company's new administration headquarters at Henderson, Western Australia, capital expenditure relating to new product development, expansion of overseas facilities and working capital augmentation.

Retained earnings rose by $29.9 million after paying dividends of $3.75 million. At balance date the Company had a total of 77,081,507 issued shares and has declared a fully franked dividend of 5 cents per share with a record date of 17 October 2011 and a payment date of 31 October 2011.

Cash Flow Statement

The Company generated cash flows of $9.3 million from operations (before payment of income tax) as compared to an inflow of $27.5 million last year (before payment of income tax). The difference between FY2011 and FY2010 is represented by an increased working capital requirement resulting from the significant amount of deposits and advanced invoicing on projects that took place during FY2010.

The Company had drawn down bank borrowings of $33.7 million, which assisted in funding plant and equipment purchases and development of the Henderson plant. The Company repaid bank debt of 6.5 million.

Consolidated Income Statement
For the Year Ended 30 June 2011

	2011 $	2010 $
Continuing operations		
Revenue	187,271,212	102,622,164
Cost of sales	(132,768,757)	(70,945,789)
Gross profit	54,502,455	31,676,375
Other income	2,284,413	540,041
Corporate expenses	(1,702,732)	(1,278,427)
Administration expenses	(3,495,310)	(3,564,539)
Finance costs	(966,238)	(701,614)
Marketing expenses	(2,347,797)	(1,622,102)
Research expenses	(753,925)	(290,548)
Impairment of goodwill and development costs	(604,302)	(196,726)
Profit before tax	46,916,564	24,562,460
Income tax expense	(13,308,194)	(6,407,124)
Profit for the year from continuing operations	33,608,370	18,155,336
Profit attributable to :		
Owners of the Company	33,604,304	18,159,906
Non-controlling interest	4,066	(4,570)
	33,608,370	18,155,336

Earnings per share		
Basic earnings per share (cents)	46.0	31.0
Diluted earnings per share (cents)	46.0	29.4

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

Consolidated Statement Of Comprehensive Income

For the Year Ended 30 June 2011

	2011 $	2010 $
Profit for the period	33,608,370	18,155,336
Other comprehensive income		
Net foreign currency translation differences	(82,478)	(139,498)
Income tax (expense) / benefit	-	-
	(82,478)	(139,498)
Change in fair value of cash flow hedges	1,649,501	(5,787,018)
Income tax (expense) / benefit	(494,850)	1,736,105
	1,154,651	(4,050,913)
Revaluation of freehold property	-	393,222
Income tax (expense) / benefit	-	(117,967)
	-	275,255
Other comprehensive income/(loss) for the period net of tax	1,072,173	(3,915,156)
Total comprehensive income for the period	34,680,543	14,240,180
Total comprehensive income attributable to:		
Owners of the parent entity	34,676,477	14,244,750
Non-controlling interest	4,066	(4,570)
Total comprehensive income for the period	34,680,543	14,240,180

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

Consolidated Statement Of Financial Position
For the Year Ended 30 June 2011

	2011 $	2010 $
CURRENT ASSETS		
Cash and cash equivalents	26,658,014	13,555,077
Trade and other receivables	33,907,119	31,868,308
Inventory	20,318,524	18,902,850
Financial assets	8,478,122	2,699,580
Other current assets	3,615,360	1,492,243
TOTAL CURRENT ASSETS	92,977,139	68,518,058
NON CURRENT ASSETS		
Property, plant and equipment	99,733,710	57,156,816
Intangible assets	6,415,215	7,012,588
Deferred tax asset	1,817,298	1,614,952
TOTAL NON CURRENT ASSETS	107,966,223	65,784,356
TOTAL ASSETS	200,943,362	134,302,414
CURRENT LIABILITIES		
Trade and other payables	24,542,349	22,675,143
Progress claims and deposits	-	35,567,171
Financial liabilities	4,645,190	2,267,995
Current tax liabilities	10,033,998	5,463,739
Provisions	1,725,873	1,324,971
TOTAL CURRENT LIABILITIES	40,947,410	34,302,049
NON CURRENT LIABILITIES		
Financial liabilities	30,562,501	5,792,408
Deferred tax liability	2,309,025	1,097,687
Provisions	364,260	220,053
TOTAL NON CURRENT LIABILITIES	33,235,786	3,782,986
TOTAL LIABILITIES	74,183,196	74,409,167
NET ASSETS	126,760,166	59,893,247
EQUITY		
Issued capital	76,388,203	40,446,325
Reserves	1,915,248	843,075
Retained earnings	48,466,944	18,618,142
Equity attributable to owners of the Company	126,770,395	59,907,542
Non controlling interest	(10,229)	(14,295)
TOTAL EQUITY	126,760,166	59,893,247

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

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2011

	2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	149,054,620	79,226,446
Payments to suppliers and employees	(139,070,894)	(50,013,128)
Interest received	313,493	370,557
Finance costs paid	(966,238)	(452,638)
Payment of income tax	(7,854,165)	(1,161,390)
Payment of option premium	-	(1,615,249)
Net cash from operating activities	1,476,816	26,354,598
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	6,837	49,227
Payments for property, plant and equipment	(30,769,685)	(41,337,959)
Payments for research and development costs	(6,930)	(13,866)
Net cash used in investing activities	(30,769,778)	(41,302,598)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (net of capital raising costs)	35,574,957	26,829,422
Repayment of borrowings	(6,523,435)	(720,000)
Proceeds from borrowings	17,099,878	3,406,679
Dividends paid	(3,755,501)	(2,258,564)
Net cash from financing activities	42,395,899	27,257,537
Net increase in cash and cash equivalents	13,102,937	12,309,537
Cash and cash equivalents at 1 July	13,555,077	1,245,540
Cash and cash equivalents at 30 June	26,658,014	13,555,077

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

Consolidated Statement Of Changes in Equity

For the Year Ended 30 June 2011

	Issued Capital $	Retained Earnings $	Option Premium Reserve $	Revaluation Reserve $	Cash Flow Hedging Reserve $	Foreign Translation Reserve $	Non Controlling Interest $	Total $
Balance at 1 July 2010	40,446,325	18,618,142	273,000	842,762	(122,020)	(150,667)	(14,295)	59,893,247
Total comprehensive income for the period								
Profit/(loss) for year	-	33,604,304	-	-	-	-	4,066	33,608,370
Other comprehensive income	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	(82,478)	-	(82,478)
Change in fair value of cash flow hedges net of tax	-	-	-	-	1,154,651	-	-	1,154,651
Revaluation of freehold property net of tax		-	-	-	-	-	-	-
	-	33,604,304	-	-	1,154,651	(82,478)	4,066	34,680,543
Transactions with owners, recorded directly in equity								
Issue of shares net of costs and tax	34,141,878	-	-	-	-	-	-	34,141,878
Exercise of options	1,800,000	-	-	-	-			1,800,000
Dividends paid to equity holders	-	(3,755,502)	-	-	-	-	-	(3,755,502)
	35,941,877	(3,755,502)	-	-	-	-	-	32,186,376
Balance at 30 June 2011	76,388,203	48,466,944	273,000	842,762	1,032,631	(233,145)	(10,229)	126,760,166

Consolidated Statement Of Changes in Equity

For the Year Ended 30 June 2011

	Issued Capital $	Retained Earnings $	Option Premium Reserve $	Revaluation Reserve $	Cash Flow Hedging Reserve $	Foreign Translation Reserve $	Non Controlling Interest $	Total $
Balance at 1 July 2009	13,115,727	2,716,323	273,000	567,507	3,929,370	(11,169)	(9,725)	20,581,033
Total comprehensive income for the period								
Profit/(loss) for year	-	18,159,906	-	-	-	-	(4,570)	18,155,336
Other comprehensive income								-
Foreign currency translation	-	-	-	-	-	(139,498)	-	(139,498)
Change in fair value of cash flow hedges net of tax	-	477	-	-	(4,051,390)	-	-	(4,050,913)
Revaluation of freehold property net of tax	-	-	-	275,255	-	-	-	275,255
	-	18,160,383	-	275,255	(4,051,390)	(139,498)	(4,570)	14,240,180
Transactions with owners, recorded directly in equity								
Issue of shares net of costs	27,330,598	-	-	-	-	-	-	27,330,598
Dividends paid to equity holders	-	(2,258,564)	-	-	-	-	-	(2,258,564)
	27,330,598	(2,258,564)	-	-	-	-	-	25,072,034
Balance at 30 June 2010	40,446,325	18,618,142	273,000	842,762	(122,020)	(150,667)	(14,295)	59,893,247

NOTES TO THE PRELIMINARY FINAL REPORT

1. Basis of Preparation

The preliminary final report is presented in Australian dollars and has been prepared on an accruals basis and is based on historical costs except for selected current and non-current assets which are measured at fair value at reporting date. The preliminary final report of the Company for the year ended 30 June 2011 comprises the Company and its controlled entities (the Group).

The preliminary final report has been prepared in accordance with Australian Securities Exchange Listing Rules as they relate to Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the AASB and the Corporations Act 2001.

The preliminary final report does not include all notes of the type normally included within the annual report and therefore cannot be expected to provide a full understanding of the financial performance and position as the full financial report. It is therefore recommended that the preliminary final report be considered in conjunction with any public announcements made by the Company in accordance with continuous disclosure requirements of the Australian Securities Exchange Listing Rules.

2. Revenue and other Income

REVENUE	2011 $	2010 $
Revenue		
Manufacturing revenue	164,527,260	91,792,914
Contract revenue	22,743,952	10,829,250
	187,271,212	102,622,164
Other Income		
Interest received	313,492	370,558
Commission received	15,779	125,518
Foreign exchange gains	1,860,540	-
Sundry income	94,602	43,965
Total other income	2,284,413	540,041

3. Dividends

	2011 $	2010 $
(a) Dividends paid during the year Fully franked final dividend 2 cents, paid 28 October 2010 (2010: 2 cents, paid 9 October 2009)	1,459,283	979,282
Fully franked interim dividend 3 cents, paid 29 April 2011 (2010: 2 cents, paid 28 April 2010)	2,296,219	1,279,282
	3,755,502	2,258,564
(b} Dividends declared (not recorded as a liability) Fully franked final dividend 5 cents to be paid 31 October 2011 (2010: 2 cents, paid 28 October 2010)	3,854,075	1,399,282
Dividend per share in respect of financial year	8.0 cents	4.0 cents

4. Income Tax

	2011 $	2010 $
The components of tax expense comprise:		
Current tax	13,506,634	6,446,029
Deferred tax	(198,440)	(38,905)
	13,308,194	**6,407,124**
The prima facie tax payable on the operating profit is reconciled to the income tax provided in the accounts as follows:		
Prima facie tax payable on operating profit before income tax at 30% (2010: 30%)	14,074,969	7,368,738
Non allowable Items	366	1,361
Other	30,000	12,972
Research & development tax concession	(572,662)	(159,801)
Differential income tax rate on MC&E Asia profit	(18,036)	(29,288)
Deferred tax balances not previously recognised	59,333	(102,401)
Tax investment allowance	(265,776)	(684,457)
Income tax expense	**13,308,194**	**6,407,124**
Average weighted tax rate	28.4%	26.1%

NOTES TO THE PRELIMINARY FINAL REPORT

5. Issued Capital

Date	Details	Number of shares	$
Balance 1 July 2009	Opening balance	48,964,098	13,405,312
9 November 2009	Shares issued – initial public offering	15,000,000	15,000,000
19 April 2010	Share issued	6,000,000	13,500,000
Less: capital issue costs net of tax			(1,458,987)
Balance 30 June 2010		69,964,098	40,446,325

1 October 2010	Options exercise	3,000,000	1,800,000
11 April 2011	Shares issued	3,550,000	30,175,000
12 May 2011	Shares issued	567,409	4,822,977
Less: capital issue costs net of tax			(856,099)
Balance 30 June 2011		77,081,507	76,388,203

6. Operating Segments

The Group has identified its operating segments based on internal reports that are reviewed and used by the Chief Operating Decision Maker (CODM) in assessing performance and in determining the allocation of resources. The Board of Directors is considered to be the CODM of the Group.

Composite Materials Business Unit

The Composite Materials business unit designs, manufactures and supplies buoyancy systems, pipeline insulation, pipeline and riser protection, riser ancillaries and a range of down hole products to the offshore oil and gas industry. It also supplies product solutions for military and other commercial applications.

Offshore Services and Engineering Business Unit

The Offshore Services and Engineering business unit manufactures and supplies connectors, conductors and casing, offshore structures, subsea skids and manifolds, offshore cranes and winches together with associated testing, refurbishment and maintenance to the oil and gas industry. This division also supplies heavy material handling equipment, winches and other processing equipment to the mining and mineral processing industries. Furthermore, it deploys qualified labour onto its customers' vessels and other offshore facilities to complete mostly short-term works. This business unit was previously known as the Heavy Engineering Business Unit, however was re-branded as Matrix Offshore Services & Engineering with effect from 1 January 2011 so as to capture its true focus.

Other and unallocated

This segment comprises the activities undertaken by all other Business Units and corporate costs.

No operating segments have been aggregated to form the above reportable operating segments.

Performance monitoring and evaluation

The CODM monitors the operating results of the Business Units separately for the purposes of making decisions about resource allocation and performance assessment. The performance of operating segments is evaluated based on profit before tax and is measured in accordance with the Group's accounting policies.

Financing requirements, finance income, finance costs and taxes are managed at a Group level. Unallocated items comprise non-segmental items of revenue and expenses and associated assets and liabilities not allocated to operating segments as they are not considered part of the core operations of any segment.

NOTES TO THE PRELIMINARY FINAL REPORT

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of investment income, gains and losses, finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment revenue		Segment profit	
	Year ended 30 June 2011 $	Year ended 30 June 2010 $	Year ended 30 June 2011 $	Year ended 30 June 2010 $
Composite materials	164,527,260	91,792,914	46,786,175	22,971,048
Offshore services & engineering	31,440,227	18,910,035	1,144,511	1,872,566
Other	2,220,922	530,143	242,926	(2,346)
Inter segment revenue	(10,917,197)	(8,610,928)	-	-
Total for continuing operations	187,271,212	102,622,164	48,173,612	24,841,268
Investment income			313,492	370,558
Finance costs			(966,238)	(452,640)
Impairment of development costs and goodwill			(604,302)	(196,726)
Profit before tax (continuing operations)			46,916,564	24,562,460

Segment assets and liabilities			30 June 2011 $	30 June 2010 $
Segment assets				
Composite materials			151,238,564	89,917,213
Offshore services & engineering			18,701,565	23,565,813
Total segment assets			169,940,129	113,483,026
Unallocated			31,003,232	20,819,388
Consolidated total assets			200,943,362	134,302,414

NOTES TO THE PRELIMINARY FINAL REPORT

Segment liabilities			30 June 2011 $	30 June 2010 $
Composite materials			51,235,335	56,986,983
Offshore services & engineering			8,896,031	16,561,265
Total segment liabilities			60,131,366	73,548,248
Unallocated			14,051,830	890,205
Consolidated total liabilities			74,183,196	74,438,454

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	Year ended 30 June 2011 $	Year ended 30 June 2010 $	Year ended 30 June 2011 $	Year ended 30 June 2010 $
Composite materials	3,640,329	2,332,997	38,430,593	12,678,533
Offshore services & engineering	785,325	618,033	- 686,070	1,668,588
Other	247,886	91,691	10,215,886	19,138,570
	4,673,540	3,042,721	47,960,409	33,485,690

In addition to the depreciation and amortisation reported above, impairment losses of $604,302 (2010: $196,726) were recognised in respect of development costs and goodwill. This impairment loss was attributable to the following reportable segment:

Offshore services and engineering	Year ended 30 June 2011 $	Year ended 30 June 2010 $
Impairment losses recognised for the year in respect of development costs and goodwill	604,302	196,726

NOTES TO THE PRELIMINARY FINAL REPORT

Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets[1]	
	Year ended 30 June 2011 $	Year ended 30 June 2010 $	30 June 2011 $	30 June 2010 $
Australia	22,864,436	13,264,677	107,966,223	65,784,356
Korea	19,280,530	56,450,535	-	-
USA	86,228,792	29,656,420	-	-
Other	58,897,454	3,250,532	-	-
	187,271,212	102,622,164	107,966,223	65,784,356

[1]Non-current assets excludes financial instruments and derivatives.

Information about major customers

Included in revenues arising from sales of composite material products of $164,527,260 (2010 : $91,792,914) are revenues of approximately $154,067,810 (2010 : $84,261,191) which arose from sales to the Group's largest customers. No other single customer contributed 10% or more to the Group's revenue for both 2011 and 2010.

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