Industrea Limited
Appendix 4E
ASX Preliminary Final Report
30 June 2011

Lodged with the ASX under Listing Rule 4.3A

This report is based on the Financial Report which is in the process of being audited

Contents

Industrea Limited
ACN 010 720 117
ABN 22 010 720 117

Centenary Technology Park
532 Seventeen Mile Rocks Road
Sinnamon Park QLD 4073

PO Box 567
Sumner Park QLD 4074
Australia

T +61 7 3725 5400
F +61 7 3376 6702
www.industrea.com.au

Results for Announcement to the Market

Summary of Financial Information

The Board of Industrea Limited ("the Group") announced today consolidated group revenue of $357.0 million, and an adjusted net profit after tax of $51.5 million. This compares to the previous year which reported consolidated group revenue of $313.2 million and a comparative adjusted net profit after tax of $44.6 million. Adjusted net profit after tax represents underlying profit after tax pre non-cash amortisation of intangible assets, unrealised movements on interest rate hedging instruments and significant non-recurring items, refer note 15.

Full Year Comparison	**12 Months ended 30 June 2011 $'000**	**12 Months ended 30 June 2010 $'000**	**Increase %**
Revenue from ordinary activities	357,046	313,234	14%
EBITDA	123,471	112,081	10%
Adjusted net profit after tax*	51,481	44,559⮝	16%
Net profit for the period attributable to members	47,931	57,411⮝	(17%)
Adjusted Basic EPS**	14.70 cents	14.38 cents⮝	2%

Dividends	Amount per security	Franked amount per security
Current period:		
Final dividend (payable 7 November 2011)	3.0 cents	100%
Interim dividend (paid 28 March 2011)	1.0 cents	100%
Previous corresponding period:		
Final dividend (paid 5 November 2010)#	3.0 cents	100%
Interim dividend (paid 26 March 2010)#	0.90 cents	100%
# Dividends shown on a post share consolidation basis		

Dividend Dates	
Ex dividend date	11 October 2011
Record date	14 October 2011
Payment date	7 November 2011

Dividend Reinvestment Plan

The Industrea Dividend Reinvestment Plan (DRP) is in operation and the recommended final dividend of 3 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest cent) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at a 5% discount to the market price (calculated as the average of the daily volume weighted average market price rounded to the nearest cent of all shares in the Company sold on ASX during the 5 trading days commencing 2 trading days after the Record Date in respect of the relevant Dividend). The final time for receipt of an election notice for participation in the DRP is 5pm 11 October 2011. Shares issued under the DRP will rank equally with existing ordinary shares.

**Adjusted net profit after tax - underlying net profit after tax pre non-cash amortisation of intangible assets, unrealised movements on interest rate hedging instruments, and significant non-recurring items as detailed in Note 15.*

***Adjusted basic EPS – basic earnings per share on Adjusted net profit after tax*

⮝*Restated for an error in 2010 Accounts. See Note 1*

Significant Dates

	Date
Annual General Meeting##	11 November 2011
Annual Report and Notice of Proxy Mailed	10 October 2011

##The Annual General Meeting will be held in the Edinburgh Room, Brisbane Club, 241 Adelaide Street, Brisbane, Queensland at 10.00 a.m.

Consolidated Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME

INDUSTREA LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000
Revenue	2	**357,046**	313,234
Other income	3	**9,900**	
Purchases and Cost of sales		**(167,134)**	(152,657)
Employee benefits expense		**(50,734)**	(34,801)
Write down of flood affected assets	3	**(10,042)**	-
Depreciation and intangible amortisation expenses	4	**(36,506)**	(37,067)
Bad & doubtful debts		**(193)**	(62)
Amortisation - finance costs		**(3,244)**	(3,389)
Amortisation - equity component of convertible bonds		**795**	(4,900)
Movement in fair value of interest rate swap agreement		**1,925**	3,327
Rental expenses and operating leases		**(2,746)**	(2,320)
Consultants fees		**(1,038)**	(1,139)
Business acquisition costs		**(3,439)**	-
Finance costs	4	**(15,852)**	(16,452)
Other expenses		**(11,585)**	(10,170)
Profit before income tax expense		**67,153**	53,600
Income tax (expense)/benefit	5	**(19,222)**	3,811
Profit after income tax expense		**47,931**	57,411
Other comprehensive income			
Movement in fair value of cash flow hedges - foreign exchange		**1,146**	(5,910)
Movement in fair value of cash flow hedges – interest rate swap		**(222)**	-
Income tax attributable to other comprehensive income		**(342)**	1,773
Other comprehensive income for the year net of tax		**582**	(4,137)
Total comprehensive income for the year attributable to members		**48,513**	53,274
		Cents	**Cents**
Basic earnings per share	14	13.69	18.53
Diluted earnings per share	14	13.69	17.02

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

Consolidated Statement of Financial Position

STATEMENT OF FINANCIAL POSITION

INDUSTREA LIMITED AND ITS CONTROLLED ENTITIES

AS AT 30 JUNE 2011

	Notes	Consolidated 2011 $'000	2010 $'000
Current Assets			
Cash and cash equivalents		**21,342**	9,187
Trade and other receivables	**6**	**72,021**	67,138
Work in progress		**23,732**	30,630
Inventories		**44,742**	22,914
Financial assets at fair value through profit or loss		**43**	43
Derivatives	**7**	**1,544**	398
Other assets		**1,331**	701
Total Current Assets		**164,755**	131,011
Non-Current Assets			
Trade and other receivables		**110**	149
Property, plant and equipment	**8**	**209,074**	181,368
Intangible assets	**9**	**203,437**	177,752
Total Non-Current Assets		**412,621**	359,269
Total Assets		**577,376**	490,280
Current liabilities			
Trade and other payables	**10**	**46,013**	37,456
Current Tax Liabilities		**14,966**	12,601
Financial liabilities	**11**	**33,767**	43,289
Convertible bonds		**-**	38,898
Short term provisions		**1,508**	1,483
Vendor liability		**1,476**	10,000
Total Current Liabilities		**97,730**	143,727
Non-Current Liabilities			
Deferred tax liabilities		**9,450**	4,429
Financial liabilities	**11**	**148,313**	103,879
Derivatives	**7**	**1,063**	2,767
Total Non-Current Liabilities		**158,826**	111,075
Total Liabilities		**256,556**	254,802
Net Assets		**320,820**	235,478
Equity			
Issued capital		**203,612**	148,160
Treasury shares		**(603)**	(662)
Options reserve		**2,400**	7,742
Hedge reserve		**860**	278
Retained earnings		**114,551**	79,960
Total Equity		**320,820**	235,478

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY

INDUSTREA LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Issued capital	Treasury shares	Retained earnings	Options reserve	Hedge reserve	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 01 July 2010		**148,160**	**(662)**	**79,960**	**7,742**	**278**	**235,478**
Profit after income tax		-	-	47,931	-	-	47,931
Other comprehensive income net of tax		-	-	-	-	582	582
Total Comprehensive Income		-	-	47,931	-	582	48,513
Shares issued during the year		55,452	-	-	-	-	55,452
On market acquisition		-	59	-	-	-	59
Conversion of Convertible Bonds		-	-	-	(5,752)	-	(5,752)
Dividend payment		-	-	(13,340)	-	-	(13,340)
Share based payments		-	-	-	410	-	410
Balance at 30 June 2011		**203,612**	**(603)**	**114,551**	**2,400**	**860**	**320,820**
Balance at 01 July 2009		**116,282**	**(445)**	**34,824**	**7,803**	**4,415**	**162,879**
Profit after income tax		-	-	57,411	-	-	57,411
Other comprehensive income net of tax		-	-	-	-	(4,137)	(4,137)
Total Comprehensive Income		-	-	57,411	-	(4,137)	53,274
Shares issued during the period		31,878	-	-	-	-	31,878
On market acquisition		-	(217)	-	-	-	(217)
Share based payments		-	-	-	(61)	-	(61)
Dividend payment		-	-	(12,275)	-	-	(12,275)
Balance at 30 June 2010		**148,160**	**(662)**	**79,960**	**7,742**	**278**	**235,478**

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

Consolidated Statement of Cash Flows

STATEMENT OF CASH FLOW

INDUSTREA LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated 2011 $'000	Consolidated 2010 $ '000
Cash Flows from Operating Activities			
Receipts from customers		389,651	328,966
Payments to suppliers and employees		(266,290)	(248,432)
Cash flow from operations		123,361	80,534
Interest received		1,141	443
Interest and other costs of finance		(17,338)	(18,653)
Income taxes refunded/(paid)		(15,171)	2,455
Net Cash Flows provided by Operating Activities		**91,993**	64,779
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(30,542)	(42,941)
Payments for the purchase of controlled entity		(10,000)	(15,913)
Proceeds on disposal of fixed assets		1,010	893
Payment for development		(7,031)	(1,099)
Payment for business assets acquired		(25,049)	-
Payment for acquisition costs		(3,439)	-
Net proceeds on disposal of a subsidiary		-	42
Net Cash (used in)/from Investing Activities		**(75,051)**	(59,018)
Cash Flows from Financing Activities			
Proceeds from issue of shares		50,000	21,245
Capital raising costs		(1,220)	-
Share options exercised		-	4,130
Proceeds from borrowings – bank loans		53,415	15,000
Proceeds/(repayment) of bills		(13,000)	13,000
Treasury shares acquired on market		-	(217)
Repayment of borrowings		(40,283)	(31,372)
Repayment of convertible bonds		(40,382)	(29,600)
Refinancing costs		(2,336)	-
Dividend paid		(10,981)	(10,764)
Net Cash Flows provided by/(used in) Financing Activities		**(4,787)**	(18,578)
Net Increase in Cash Held		12,155	(12,817)
Net cash at beginning of year		9,187	22,004
Cash at the end of the financial year		**21,342**	9,187

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to Financial Information
INDUSTREA LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR 30 JUNE 2011

Note 1. Basis of preparation

This preliminary financial report has been prepared in accordance with ASX listing rule 4.3A and has been derived from the unaudited financial report. The financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The preliminary financial report does not include all notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010, the half-year report for the period ended 31 December 2010 and any public announcements made by the Group during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. These policies have been consistently applied to all the years presented except as noted below.

This report is based on the Financial Report which is in the process of being audited.

The current reporting period in the preliminary financial report is the year ended 30 June 2011 while the previous corresponding period is the year ended 30 June 2010.

Restatement of 2010 Comparatives – Tax Expense & Tax Provision

In preparation of 2011 Financial Statements a material error was identified in 2010 Financial Statements. This error was an overstatement of 2010 Income Tax Benefit and understatement of the Income Tax Provision. This related only to the year ended 30 June 2010. The adjustments to the 2010 financial statements are as follows:

	Reported 2010 balance $'000	Error Correction $'000	Restated 2010 balance $'000
<u>**Statement of Comprehensive Income**</u>			
Profit before income tax expense	53,600		53,600
Income tax (expense)/benefit	8,376	(4,565)	3,811
Total comprehensive income	**61,976**	**(4,565)**	**57,411**
Basic earnings per share (cents)*	20.01		18.53
Diluted earning per share (cents)*	18.27		17.02
<u>**Statement of Financial Position**</u>			
Provision for income tax	8,036	4,565	12,601
Total current liabilities	**139,162**	**4,565**	**143,727**
Net assets	**240,043**	**(4,565)**	**235,478**
Retained earnings	84,525	(4,565)	79,960
Total Equity	**240,043**	**(4,565)**	**235,478**

*See restatement of earnings per share following the 1 for 3 consolidation of shares per Note 17

Note 2. Revenue

	2011	2010
	$'000	$'000
Revenue from continuing operations	**356,618**	312,557
Revenue from outside operating activities		
Government grants	**59**	646
Damage recoveries	**13**	31
Miscellaneous Income	**356**	-
Revenue from Ordinary Activities	**357,046**	313,234

Note 3. Other Income

	2011	2010
	$'000	$'000
Proceeds from Insurance Claim	**9,900**	-

The Mining Services business suffered material equipment losses during the period as a consequence of Queensland flood events. The group insurers accepted the claim and paid out the book value of assets net of deductible. The recovery and the asset write off were brought to account in the period as detailed in Note 8.

Note 4. Expenses

	2011	2010
	$'000	$'000
Depreciation and amortisation expense		
Depreciation on property, plant and equipment	**30,803**	22,678
Amortisation – capitalised development costs	**1,350**	1,330
Amortisation – acquired customer contracts	**4,353**	13,059
	36,506	37,067
Finance costs		
Interest and finance charges paid/payable	**16,993**	16,895
Interest received	**(1,141)**	(443)
	15,852	16,452

Note 5. Taxation

	2011	2010
	$'000	$'000
Current tax expense	**16,402**	13,460
Deferred tax expense/(benefit)	**2,459**	(534)
Under/(Over) provision from prior years	**361**	(16,737)
Income tax expense/(benefit)	**19,222**	(3,811)
Deferred tax expense/(benefit) comprises		
(Increase)/decrease in deferred tax assets	**5,019**	(11,235)
Increase/(decrease) in deferred tax liabilities	**(3,713)**	10,701
Prior period under provision of deferred income tax expense	**1,153**	-
Deferred tax expense/(benefit)	**2,459**	(534)

The Group has unutilised tax losses of $0.2million at 30 June 2011 (2010: $4.0million), with a tax effect (at a tax rate of 30%) of $70 thousand (2010: $1.2million). It is anticipated that these tax losses will be fully utilised in the future.

Note 6. Trade and other receivables

	2011 $'000	2010 $'000
Trade receivables	**72,187**	67,160
Provision for impairment of receivables	**(166)**	(22)
	72,021	67,138

Note 7. Derivatives

Current Assets	2011 $'000	2010 $'000
Forward exchange contracts	**1,544**	398

Non-Current Liabilities	2011 $'000	2010 $'000
Interest Rate Swap Agreements	**1,063**	2,767

Forward Exchange Contracts

In accordance with treasury risk management policies, the Group uses forward exchange contracts to hedge against movements in contracted and anticipated future sales in foreign currencies. The Group designates certain forward exchange contract derivatives as hedging instruments. Designated derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at reporting date. Movements in the fair value of designated derivatives are recognised directly in a hedge reserve in equity to the extent they are effective.

Interest rate swap agreements

The Group uses interest rate swap agreements to hedge against fluctuations in interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. The Group has one interest rate swap agreement that does not qualify for hedge accounting and two swap contracts that do qualify for hedge accounting. The resulting gain or loss arising from changes in the fair value of the non-hedge accounted for swap is recognised in the statement of comprehensive income. Movements in the fair value of designated swap hedges are recognized directly in a hedge reserve in equity to the extent they are effective.

Note 8. Property plant and equipment

	2011 $'000	2010 $'000
Consolidated carrying amount: opening balance	**181,368**	143,095
Additions	**63,407**	61,545
Disposals		
Write down of flood affected assets	**(10,042)**	-
Other disposals	**(765)**	(584)
Additions through acquisition *	**5,909**	-
Net assets disposed on sale of subsidiary	-	(10)
Depreciation expense	**(30,803)**	(22,678)
Consolidated carrying amount: closing balance	**209,074**	181,368

*** See Note 13**

Note 9. Intangible Assets

	2011 $'000	2010 $'000
Identifiable intangible assets - customer contracts		
Opening Balance	**4,354**	17,413
Amortisation of customer contracts	**(4,354)**	(13,059)
Acquired on acquisition*	**11,304**	-
Closing Balance	**11,304**	4,354

	2011 $'000	2010 $'000
Goodwill		
Opening Balance	**169,622**	169,622
Acquired on acquisition*	**13,054**	-
Closing Balance	**182,676**	169,622

*** See Note 13**

Goodwill has been allocated for impairment testing purposes to the Industrea Mining Services, Diesel Equipment, and Technology cash generating units. The recoverable amount of the cash generating units has been determined based on value in use calculations prepared by management and approved by the Board.

The value in use calculations use cash flow projections based on financial budgets prepared by management covering a five year period and a discount rate of 17.9%. In the case of the Industrea Mining Services cash generating unit, the long-term growth rate used to extrapolate cash flows beyond the five year period is 2.5%.

	2011 $'000	2010 $'000
Development costs capitalised		
Opening balance	**3,776**	4,008
Capitalised during the year	**7,031**	1,098
Amortised during the year	**(1,350)**	(1,330)
Closing balance	**9,457**	3,776
Total Intangible assets	**203,437**	177,752

Note 10. Trade and other payables

	2011 $'000	2010 $'000
Current liability – trade and other payables		
Trade payables	**33,658**	29,282
Other payables	**12,355**	8,174
	46,013	37,456

Note 11. Borrowings

	2011	2010
	$'000	$'000
Current liability – borrowings		
Bank bills	**-**	13,000
Bank loans - secured	**15,000**	15,000
Lease and HP liabilities	**20,425**	17,851
Borrowing costs capitalised	**(1,658)**	(2,562)
	33,767	43,289
Non-current liability – borrowings		
Lease and HP liabilities	**22,398**	13,346
Bank loans – secured	**125,915**	90,533
	148,313	103,879

Note 12. Net Tangible Asset Backing

	2011	2010
	Cents	Cents
Net tangible assets per ordinary share	32.31	19.53

Note 13. Business Combinations

Current year

During the period, the Group acquired the assets and undertakings of the AJ Lucas Limited in Seam Coal Drilling Business. The total consideration for the acquisition was $25.56 million. The acquisition is part of the groups overall strategy to expand its operation in underground methane gas drilling and extraction. The purchase was settled by the payment of cash from group cash balances. The assets were acquired in March 2011 and the revenue and profits attributed to the acquired assets for the period post acquisition have been reported in the diesel segment. Revenue and earnings before interest tax and amortisation (EBITA) amounting to $5.789 million & $1.224 million respectively are included in the Consolidated Statements of Comprehensive Income for the period.

	Fair Value
	$'000
Plant & Equipment	5,004
Inventory	462
Customer Contracts	11,304
Deferred Tax on Customer Contracts	(3,391)
Employee Liabilities	(401)
Goodwill	12,582
Purchase Consideration Settled In Cash	25,560

During the period, the Group also acquired the assets of Auxon a Chinese based manufacturer. The total consideration for the business was $1.770 million. The acquisition is part of the groups China strategy to manufacture diesel equipment suitable for the Chinese market to secure sales growth from tier 2 miners who are restricted from dealing with foreign owned enterprises. The transaction is to be settled via a combination of cash and Group shares payable 50% on signing of the agreements and 50% 12 months after signing. The assets were acquired on 22 June 2011. No revenue or profits from the acquired assets have been reflected in the account at 30 June 2011 as any adjustment would not be material.

	Fair Value $'000
Plant & Equipment	167
Inventory	348
Cash	45
Premises	738
Goodwill	472
Purchase Consideration to be Settled In Cash and Shares	1,770

Note 14. Earnings per share

As noted below the group consolidated its share capital and in accordance with the Australian Accounting Standards Board Statement AASB133, the restated basic and diluted earnings per share figure for the comparable period has been restated.

	2011	2010
Adjusted basic earnings per share (cents per share)	**14.70**	14.38
Adjusted net profit used as the numerator in calculating adjusted basic earnings per share ($'000)	**51,481**	44,559
Weighted average number of ordinary shares used as the denominator in calculating adjusted basic earnings per share (2010 pre-consolidation 929,425,864*)	**350,167,226**	309,808,621*

Adjusted basic earnings per share is calculated as basic earnings per share on adjusted net profit after tax, refer note 15.

Basic earnings per share (cents per share)	**13.69**	18.53
Net profit used as the numerator in calculating basic earnings per share ($'000)	**47,931**	57,411
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (2010 pre-consolidation 929,425,864*)	**350,167,226**	309,808,621*

Diluted earnings per share (cents per share)	**13.69**	17.02
Net profit used as the numerator in calculating diluted earnings per share ($'000)	**47,931**	62,637
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share (2010 pre-consolidation 1,103,852,672*)	**350,167,226**	367,950,890*

There are no dilutionary shares or share options on issue at 30 June 2011.

**See Note 17 On 16 November 2010 the group completed a 1 for 3 consolidation of the groups capital resulting in the number of ordinary shares on issue reducing from 1,091,646,174 to 363,878,295 fully paid ordinary shares.*

Note 15. Adjusted net profit after tax

	2011 $'000	2010 $'000
Adjusted net profit after tax	**51,481**	44,559
Less Business acquisition costs	**(3,439)**	-
Amortisation - convertible bond equity component	**795**	(4,900)
Amortisation - customer contract intangibles	**(4,353)**	(13,059)
Movement in fair value of interest rate swap	**1,925**	3,327
Reversal of deferred tax liability recorded on acquisition	**-**	20,190
Tax effect of adjusting items	**1,522**	7,294
Reported net profit after tax	**47,931**	57,411

Reported net profit after tax is inclusive of significant non-cash items relating to amortisation and non-recurring items in the period.

In 2010 the Group recognised a benefit of $20.19 million in the year following clarification of taxation provisions relating to the acquisition of the Huddy's Mining Services business. This clarification occurred after the 12 month period for adjustments to be made to provisional acquisition accounts and has therefore been recognised in the profit and loss statement in accordance with Accounting Standards. However, the benefit has not been included in adjusted profit for the period due to its one-off, non-recurring nature.

Business acquisition costs include statutory and diligence costs incurred on material acquisition reviews. These costs are excluded from adjusted net profit after tax to enable comparatives year on year on a like for like basis.

Note 16. Segment Information

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer, who is the Group's chief operating decision maker, in assessing performance and determining the allocation of resources.

The group is managed primarily on the basis of product category and service offerings since the diversification of the group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following;

- The product sold and services provided by the segment;
- The manufacturing process;
- The type or class of customer;
- The distribution method; and
- Regulatory environments.

The group has identified three reportable segments on this basis. The Mining Services segment is involved in the provision of open cut mining and civil earthwork services including hire of equipment and operators, mine planning and design and mine management services. The Mining Technology segment provides for the design, manufacture, sales and support of collision avoidance systems, methane gas drainage systems and ancillary mining technology products that enhance mine safety and efficiency. The Mining Equipment segment manufactures, sells and supports flame and explosion proof underground mining equipment and vehicles. The Mining Services division targets domestic customers and markets. The target markets for the Mining Technology and Mining Equipment segments include domestic and foreign customers.

During the period the group acquired the assets of the AJ Lucas Limited in-seam drilling business. Given the relatively short period of reporting of post acquisition revenues and profits, management reporting lines into Mining Equipment segment and the nature of the explosion proof underground equipment used in the business, this acquisition has been reported in the Mining Equipment segment.

During the period the group rebranded its product and services. Mining Services was rebranded as Industrea Mining Services (IMS). Technology was rebranded as Industrea Mining Technology (IMT). Diesel Equipment was rebranded as Industrea Mining Equipment (IME). The acquired in-seam drilling business will be branded Industrea Gas Management (IGM) and will be reported as a separate segment in 2012.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, the accounting policies adopted with respect to operating segments are determined in accordance with accounting policies that are consistent to those applied in the annual financial statements of the group.

Inter-segment transactions

Corporate charges are allocated to reporting segments based on a review of services provided by Corporate staff in support of the operating and strategic activities of the segment. The allocation of Corporate charges is representative of the likely consumption of head office expenditure in assessing segment performance and cost recoveries.

An internally determined transfer price is set for all intersegment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arms length. All such transactions are eliminated on consolidation of the Groups financial statements.

Intersegment loans payable and receivable are initially recognised at the consideration received / to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Intangible assets are allocated to segments as indicated in the segment asset note. Derivative assets and deferred tax assets have not been allocated to operating segments.

Segment liabilities

Segment liabilities are measured in a manner consistent with that of the financial statements. Segment liabilities are allocated based on the operations of the segment. Segment liabilities include trade and other payables and related hire purchase liabilities. Other borrowings and tax liabilities are generally considered to belong to the Group as a whole and are not allocated.

(i) Segment Performance

Year ended 30.06.2011	**Mining Services $’000**	**Mining Technology $’000**	**Mining Equipment $’000**	**Other $’000**	**Total $’000**
Segment revenue	169,097	114,483	73,388	78	357,046
Total group revenue	**169,097**	**114,483**	**73,388**	**78**	**357,046**
Segment net profit before tax	**33,277**	**37,534**	**19,392**	**(2,662)**	**87,541**
Amount not included in segment result but reviewed by Board:					
Amortisation - customer contracts	(4,353)				(4,353)
Unallocated items:					
Finance costs					(12,076)
Movement in fair value of interest rate swap agreement					1,925
Amortisation - equity component of convertible bonds					(3,244)
Amortisation - acquisition finance costs					795
Other corporate expenses					(3,435)
Net profit before tax from continuing operations					**67,153**

Note 16. Segment Information (continued)

Year ended 30.06.2010	Mining Services $'000	Mining Technology $'000	Mining Equipment $'000	Other $'000	Total $'000
Segment revenue	129,209	70,601	112,989	175	312,974
Revenue from disposal of subsidiary				260	260
Total group revenue	**129,209**	**70,601**	**112,989**	**435**	**313,234**
Segment net profit before tax	**30,208**	**19,029**	**36,416**	**(1,266)**	**84,387**
Amount not included in segment result but reviewed by Board:					
Amortisation - customer contracts	(13,060)				(13,060)
Unallocated items:					
Finance costs					(12,766)
Movement in fair value of interest rate swap agreement					3,327
Amortisation - equity component of convertible bonds					(4,900)
Amortisation - acquisition finance costs					(3,388)
Net profit before tax from continuing operations					**53,600**

(ii) Segment Assets

Year ended 30.06.2011	Mining Services $'000	Mining Technology $'000	Mining Equipment $'000	Other $'000	Total $'000
Segment Assets	**366,294**	**57,821**	**124,607**	**27,110**	**575,832**
Unallocated assets:					
Derivative assets					1,544
Total group assets					**577,376**
Segment asset increase for the period					
Capital expenditure	52,390	3,337	11,903	670	68,300

Note 16. Segment Information (continued)

Year ended 30.06.2010	Mining Services $'000	Mining Technology $'000	Mining Equipment $'000	Other $'000	Total $'000
Segment assets	**341,816**	**54,524**	**79,992**	**13,551**	**489,883**
Unallocated assets:					
Derivative assets					398
Total group assets					**490,281**
Segment asset increase for the period					
Capital expenditure	59,833	485	2,281	45	62,644

(iii) Segment Liabilities

Year ended 30.06.2011	Mining Services $'000	Mining Technology $'000	Mining Equipment $'000	Other $'000	Total $'000
Segment liabilities	**48,472**	**13,709**	**19,129**	**40,476**	**121,786**
Unallocated liabilities:					
Derivative liabilities					1,063
Deferred tax liability					9,450
Corporate borrowings					124,257
Total group liabilities					**256,556**
Year ended 30.06.2010					
Segment liabilities	**41,588**	**15,252**	**10,871**	**15,026**	**82,737**
Unallocated liabilities:					
Derivative assets					2,767
Deferred tax liability					4,429
Deferred vendor consideration					10,000
Convertible bonds					38,899
Corporate borrowings					115,970
Total group liabilities					**254,802**

Note 16. Segment Information (continued)

(iv) Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	2011 $'000	2010 $'000
Australia	248,360	177,255
Peoples Republic of China	93,708	127,894
South America	6,029	2,629
Russia	3,714	419
Other foreign countries	5,235	5,037
Total revenue	**357,046**	**313,234**

Note 17. Capital Restructuring

On 16 November 2010 the group completed a 1 for 3 consolidation of the groups' capital, resulting in the number of ordinary shares on issue reducing. The impact on 2010 figures is reflected in the table below

2010	Per 2010 statutory accounts Cents	Post capital restructure cents	Post error restatement* cents
Adjusted basic earnings per share	5.29	15.87	14.38
Basic earnings per share	6.67	20.01	18.53
Diluted earnings per share	6.09	18.27	17.02
Net tangible assets per share	6.51	19.53	19.53
Dividend per share	1	3	3

*See Note 1

Note 18. Factors impacting future results

The mining services segment reported lower than expected revenues and profit during the period as a consequence of the Queensland floods. A number of the mining services customers were flood affected. The group expects to see an increase in 2012 as affected mines get back to full productivity. Mining Services Management are in discussions with a customer for renewed terms and extension to an existing contract. These negotiations may include a contribution to de watering of the customers site which was flood affected.

Compliance Statement

1. This Appendix 4E has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

2. This Appendix 4E, and the accounts upon which the Appendix 4E is based (if separate), use the same accounting policies.

3. This Appendix 4E does give a true and fair view of the matters disclosed.

4. This Appendix 4E is based on financial statements which are in the process of being audited.

5. The entity has a formally constituted audit and risk management committee.

6. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Robin Levison
Managing Director & CEO

18 August 2011