Hastie Group

2010 ANNUAL REPORT

STAYING THE COURSE

WHO ARE WE?

Hastie Group Limited is the leading supplier of technical building solutions - mechanical (air conditioning), electrical, commercial plumbing (MEP), fire, refrigeration and maintenance services - with well established operations across Australasia, UK and Ireland and the Middle East.

The Group has more than 7,000 employees in multiple locations providing services to a broad range of market sectors including commercial, healthcare, education, retail, maintenance services, industrial and technology, mining, food, sports & leisure and residential.

BUSINESS OVERVIEW

ROTARY
Mechanical, Electrical & Commercial Plumbing (MEP) systems

15% OF FY10 REVENUE

UNITED KINGDOM & IRELAND

HASTIE
Mechanical, Electrical & Commercial Plumbing (MEP), Fire & Refrigeration systems and Maintenance Services

74% OF FY10 REVENUE

AUSTRALASIA

HASTIE & ROTARY
Mechanical, Electrical & Commercial Plumbing (MEP) systems

11% OF FY10 REVENUE

MIDDLE EAST

IMAGE KEY PAGE 2-3

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IMAGE KEY PAGE 4-5

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1. Zayed University (at night), Abu Dhabi, UAE. **2.** Exterior, Ark Tower (6 Star Green Building), North Sydney, New South Wales, Australia. **3.** Assembly of ammonia based glycol chillers for the beverage industry, Gordon Brothers Bendigo Factory, Victoria, Australia. **4.** The Royal Courts of Justice, London, United Kingdom. **5.** Gold Coast University Hospital, Gold Coast, Queensland, Australia. **6.** Ark Tower (6 Star Green Building), North Sydney, New South Wales, Australia. **7.** Roof buttress, Zayed University, Abu Dhabi, UAE. **8.** The Royal Courts of Justice, London, United Kingdom. **9.** Fire & HVAC Factory Fit Outs.

HASTIE'S STRATEGY

SERVICE OFFERING: Leading international provider of technical services to the building and infrastructure sectors

- Offer full range of mechanical, electrical, commercial plumbing (MEP), fire, refrigeration systems and maintenance services
- Focus on cross-selling multi-service MEP offering
- Continue to grow recurring revenue base

REGIONS: Across Hastie's core geographic hubs

- Consolidate and extend service offering within core geographic hubs of Australasia, UK and the Middle East

CUSTOMERS: For customers

- Sustain and build long-term relationships with key blue-chip and government customers in infrastructure, social infrastructure, commercial and industrial sectors

PEOPLE: Applying the best resources

- Retain and attract quality talent
- Continue development and training programs – apprentices and graduates
- Continue focus on further improving safety performance

RISK MANAGEMENT: Risk managed approach to project selection and delivery

- Well developed systems and procedures underpinned by delegations of authority
- Sensible commercial contracting terms
- Experienced commercial and project staff
- System of regular-in-depth and peer reviews at all levels in the organisation

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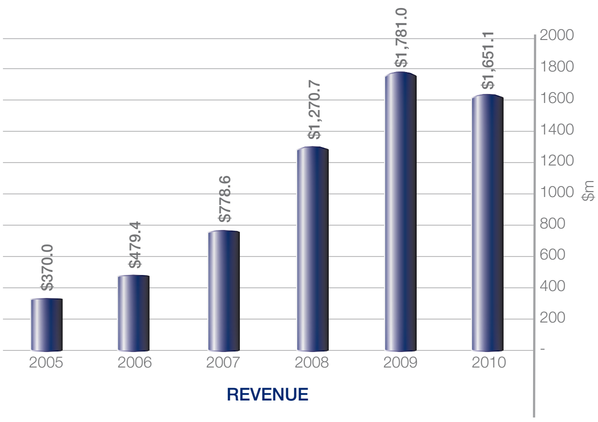
ANNUAL GENERAL MEETING

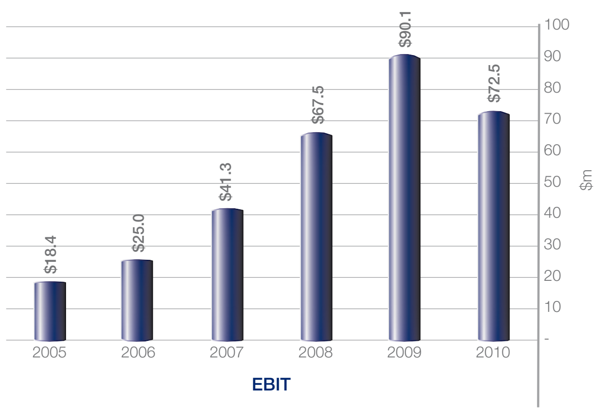
The Annual General Meeting of the Members of Hastie Group Limited (the Company) will be held at the Adelaide Room, Level 4, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney, NSW on Monday 1 November 2010 at 10.00am.

YEAR IN REVIEW

- Underlying EBIT **$77.8m**
- Underlying EBIT margin **4.7%**
- Improved cash generated from operations **$60m**
- Order book **up 20%** on prior year
- **Strong** balance sheet



REVENUE

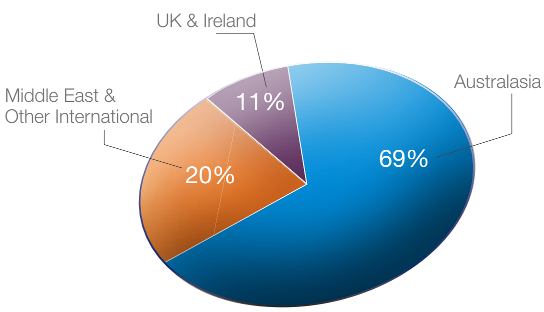


EBIT

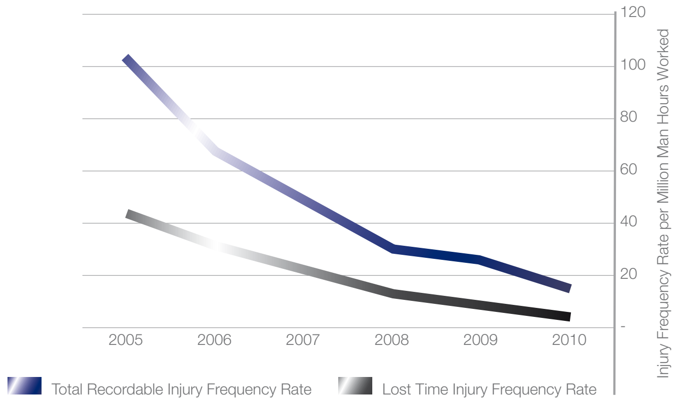
5 year revenue compound annual growth **35%**

5 year earnings before tax compound annual growth **32%**

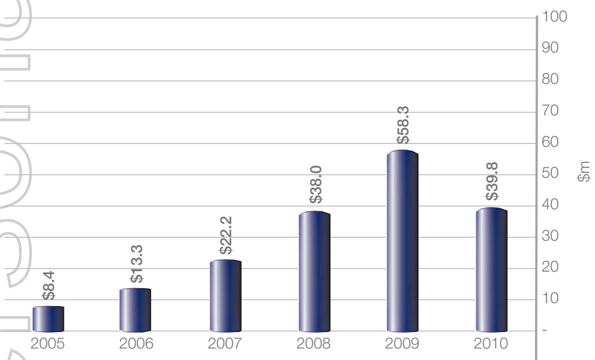
EMPLOYEES AT 30 JUNE 2010



SAFETY PERFORMANCE

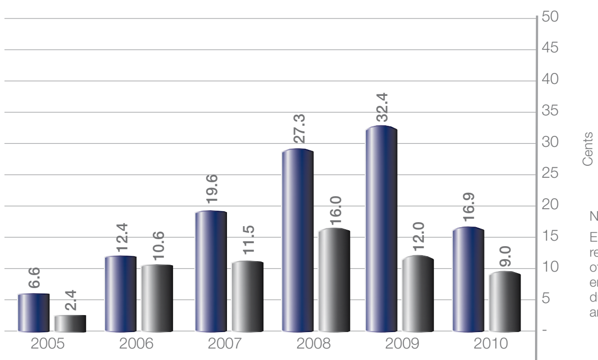


- Projected earnings growth **in excess of 10%** in FY2011
- **Over 90%** of FY2011 budgeted revenue in hand[1] with growing recurring revenue base
- Record safety performance - **33% p.a. reduction** in key indicators since IPO



NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

5 year net profit compound annual growth **36%**

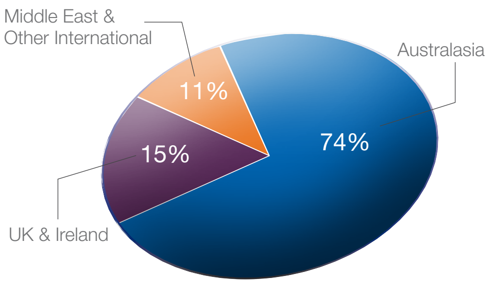


Notes
EPS restated to reflect the effect of the share entitlement offers during 2008 and 2009

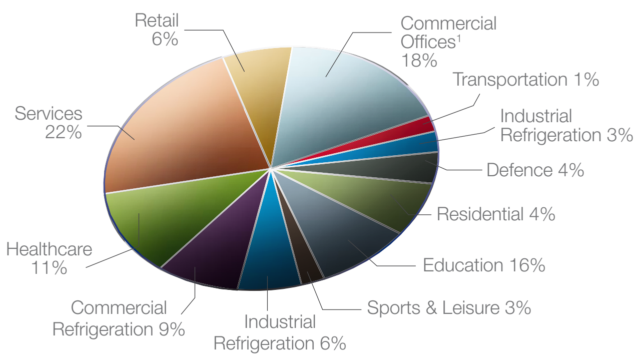
EARNINGS PER SHARE AND DIVIDENDS DECLARED

5 year earnings per share compound annual growth **21%**

FY2010 REVENUE BY REGION



FY2010 REVENUE BY SECTOR



1/ Based on orders in hand, project extensions/ variations, small project sales and recurring service revenues.

CHAIRMAN'S AND GROUP MANAGING DIRECTOR'S REPORT

On behalf of the directors of Hastie Group, it gives us great pleasure to be able to report to you on the performance of your company during the past financial year. This was a year in which the global economy continued to face uncertainty and conditions in our market remained challenging.

Despite these significant headwinds Hastie Group delivered a set of results that, although down on the previous year, were pleasing when taking into account the overall contraction in the non-residential construction market during FY2010.

This is the first time since our IPO that we have reported results that are down on the previous year although this should be seen in the context of our performance over the past 5 years. Since IPO in 2005 we have grown revenues by 35 per cent per annum, earnings before interest and tax (EBIT) by 32 per cent per annum and net profit after tax (NPAT) by 36 per cent per annum.

Our FY2010 results were significantly impacted by the global slowdown and the lack of available financing having a major impact on the non-residential construction sector. While Hastie Group performed creditably in this environment, it is not immune to these impacts and its financial results reflect this.

In FY2010 Sales revenue was down 7 per cent to $1,651m, EBIT down 20 per cent to $72.5m and NPAT down 32 per cent to $39.8m. In reporting these results to investors we referred to an underlying EBIT level of $77.8m and underlying EBIT margin 4.7 per cent which was ahead of guidance given to the market in May 2010.

These underlying earnings exclude three one-off items.

The first relates to one-off acquisition costs of $2.2m in connection with external professional advisors and state based taxes like stamp duty. In prior years these costs were capitalised as part of the acquisition price but, with the change in accounting standards from 1 July 2010, these costs now have to be expensed in the year they are incurred.

TREVOR BOURNE
CHAIRMAN

IMAGE KEY

1 | 2 | 3 | 4

1. Main pool ventilation, Elizabeth Aquadome, Elizabeth South, South Australia, Australia. **2.** Semi Vertical Cases, Coles, Eastland Shopping Centre, Eastland, Victoria, Australia. **3.** D1 Tower, Business Bay, Dubai, UAE. **4.** Internal view, AAMI Park Stadium, Melbourne, Victoria, Australia.

The second item relates to a gain of $1.6m we made on acquisition in May 2010 of the assets of Spectrum Fire & Security. This gain is a one-off and reflects that the business was acquired for a price that was less than the net tangible asset value. It is appropriate to exclude this gain when looking at the underlying earnings of the company.

The third and final item relates to the provision for an outstanding debt from a builder who has gone into receivership in the Caribbean. Our contract with the builder was to provide mechanical and electrical services for two greenfield hospitals that we delivered on time in the Turks & Caicos. We were in final account negotiations with the builder when the builder was placed in receivership on 7 July 2010. A $4.7m provision was made in FY2010 to reflect this situation.

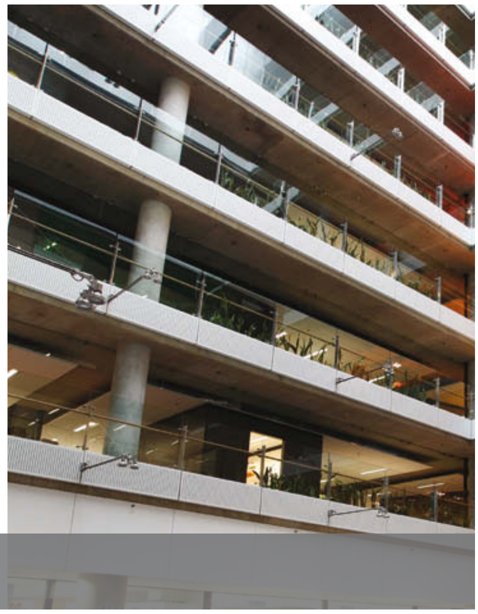
We are particularly pleased with the performance of our Australasian businesses in FY2010 where we delivered a strong result with flat revenues and EBIT profit margins above 5 per cent in a market that contracted. We also substantially increased our forward order book which at the end of July 2010 was well ahead of where it was at the same point in time the previous year. Our Australasian businesses in FY2010 represented almost 75 per cent of Hastie Group's revenues and the strength of our performance and increased order book gives us confidence in the outlook going forward.

Our multi-service offering of mechanical, electrical and commercial plumbing services (MEP) has now been extended to include fire protection services and is providing us further opportunities to offer our clients a range of services to fit their particular needs. This is proving to be a source of competitive advantage and in many cases our clients are choosing to procure two or more of these services from Hastie Group, reflecting their desire to have these services delivered from a single point of contact.

STRATEGY AND GROWTH

Hastie has continued to follow the strategy clearly articulated at the time of its ASX listing in March 2005. This was to expand its range of technical building services and geographical coverage through organic growth and acquisitions.

DAVID HARRIS
GROUP MANAGING DIRECTOR AND CEO



Our strategy remains unchanged and today Hastie is a leading international designer, installer and maintainer of technical services - mechanical, electrical, commercial plumbing (MEP), fire and refrigeration - to the building and infrastructure sectors with well established operations in Australasia, UK and the Middle East.

We have over 7,000 employees based at multiple locations serving our chosen customers in both the private and public sectors across a wide range of end user markets.

Supporting this strategy is the need to apply the best resources to everything we do. To achieve this involves attracting, retaining and developing people at all levels in the organisation while continuing to provide a safe and secure environment for all our employees in which to work.

We take a risk managed approach to everything we do supported by well established systems and procedures and a commercial approach to contractual arrangements. We continue to support the communities within which we work and are aware of our obligations as we seek solutions for our clients that will reduce their environmental impact.

While FY2010 was a challenging year for Hastie, our focus has been on successfully delivering to our customers while at the same time building our order book going forward. We are pleased to report that during the year we did both these successfully completing a number of important projects while our order book at the end of July was 20 per cent up on the previous year.

The order book is underpinned by major public sector investments in health, security and other areas and where Hastie Group has been successful in securing a number of large, high quality projects. These projects are multi-year in duration and therefore any delay in recovery of the non-residential sector will have a relatively small impact on Hastie over the short term.

During the year we announced specific new contract wins in all our geographies. Included among these are:

- In Australia - Gold Coast University Hospital, Commonwealth New Building Project in Canberra, 163 Castlereagh St in Sydney, Parkville Neurosciences facility in Melbourne, Wintegarden shopping centre in Brisbane,
- In the United Kingdom - Cambridge Laboratory for Molecular Biology, the Co-operative Group's new headquarters in Manchester
- In the Middle East - various contracts in Qatar including water infrastructure projects and the Traders Hotel

Each of these contract wins demonstrates the breadth and depth of the Group and its ability to work across multiple market sectors.

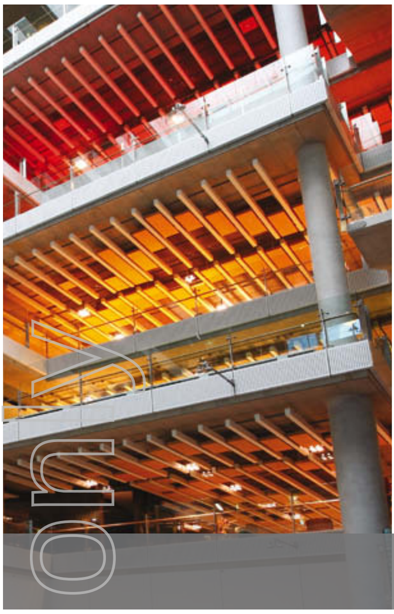
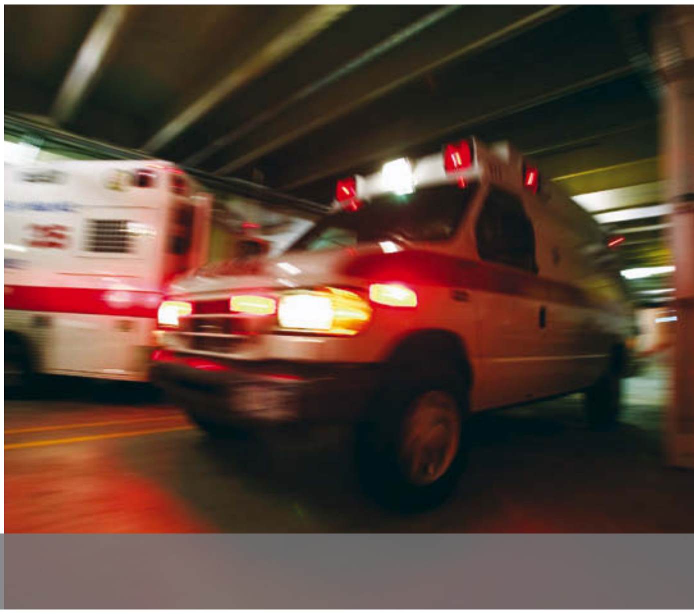
We are also working on an active pipeline of prospects in all our markets as well as awaiting the award of tenders submitted over the past months. This reflects a level of improved confidence in our sector, particularly in Australia, and the beginnings of a return of privately funded developments.

In the UK the non-residential construction sector remains challenging although our order book is higher than where it was at this point last year and we believe the market has stabilised with a number of new prospects on the horizon. We have strengthened our leadership team to position us for the ultimate recovery in the market.

IMAGE KEY

1 2 3 4 5

1. Perspective photo of Central Campus, Zayed University, Abu Dhabi, UAE. **2.** 1 Victoria Square Development, SA Water Building, Adelaide, South Australia, Australia. **3.** Queen Elizabeth Hospital, Woodville South, South Australia, Australia. **4.** Queen Elizabeth Hospital, Woodville South, South Australia, Australia. **5.** Chillers L2, Royal North Shore Hospital Stage III, St Leonards, New South Wales, Australia.


In the Middle East we have an order book that is significantly higher than last year and are tendering selectively on contracts with preferred builders and developers. We have strengthened our market position and are increasingly being recognised for the quality of the work that we are delivering to our clients.

During the year we made a number of small bolt-on acquisitions with the largest of these being Spectrum Fire & Security which we acquired for $7m in May 2010. Spectrum is a $100m+ revenue business with a national footprint providing fire services. It complements our existing maintenance service business allowing us to extend our multi-service offering to clients.

In FY2010 we established a cost effective refrigeration sub-assembly operation in China. The facility is operational and sub-assemblies are currently being brought into our refrigeration case assembly operation in Glendenning in NSW. This facility may open up other market opportunities in the future.

Other initiatives that have commenced over the past 12 months include setting up a drafting and drawing office in India to support our businesses in the Middle East as well as elsewhere. We have also started the direct sourcing of products from offshore locations which is expected to deliver important cost reductions for our businesses. The scale and breadth of Hastie allow us to pursue these initiatives as we position our business for the future.

During the past 12 months we have strengthened our management team and continued our apprentice training and graduate recruitment programmes. We have put in place strategies around talent management to ensure that Hastie has sufficient human capital to continue growing our businesses.

We continue to invest in research and development on the back of specific customer requirements. This covers areas such as refrigeration and cooling systems for the mining sector, energy efficient and environmentally friendly systems for supermarkets, green buildings and solar solutions. Hastie has the scale and expertise to continue to be at the forefront in these areas in providing its customers with innovative and cost-efficient solutions.

FINANCIAL RESULTS

Over the past six years, Hastie's sales revenue has grown from $370m to $1,651m, representing compound annual growth of 35 per cent per annum. Over the same period after tax profits have grown from $8.4m to $39.8m, representing growth of 36 per cent per annum. FY2010 was the first year since the IPO in 2005 where we saw a decline in revenue and profit. This decline reflects the challenging and uncertain environment in which we are operating and the slowdown in construction activity across all geographies.

The result should however be seen also in the context that since the worst of the financial crisis in 2008 our revenue has grown from $1,271m to $1,651m and our after tax profit from $38.0m to $39.8m. Over these 2 years the environment for non-residential construction has contracted substantially and certainly on average more than our decline. During this period we have gained market share and positioned our businesses for the recovery in the sector.

Your directors have declared a fully franked final dividend of 4 cents per share (FY2009: 5 cents), payable on 18 October 2010. This brings total dividends for the year to 9 cents per share (FY2009: 12 cents), representing a payout ratio of 50 per cent which is in line with the

company's policy of paying dividends in the range of 40-60 per cent of after-tax profit. No dividend reinvestment plan was offered for this final dividend payment although the Company will review its capital position at each dividend payment period.

Cash generated from operations was $60m which was well up on the previous year of $47m. This was a good outcome given the state of the markets in which we operate and the greater focus every customer and supplier is giving to optimising their respective cash positions. During FY2010, working capital did increase however by $24m due to the difficult trading conditions.

We expect working capital to return to a more normal level as the global economy improves although the pace of this improvement remains uncertain. For the next 12 months however our working capital level will remain above the upper end of our historic range of 1.5 per cent to 2.5 per cent of annualised sales.

In FY2010 we successfully refinanced $154m of debt facilities maturing in April 2011 to July 2013. We received support from all the major banks in Australia with the refinancing being oversubscribed. As part of this we also extended our bonding lines to support continued organic growth. We now have no debt maturing until April 2013.

HIGHLIGHTS OF FY2010

There were a number of highlights in Hastie's financial performance in FY2010. Australia continues to perform well and generated almost 75 per cent of Hastie's revenues. The success of the company in the short term will continue to be dependent on our performance in this market.

We are delighted therefore to report that the **Mechanical & Hydraulics Division** in Australia, our largest division, performed strongly in a market that contracted during the year.

Most of the businesses within this division gained market share and we were able to maintain operating margins above 5 per cent in a tight market. Important new orders were secured during the year and our order book is significantly ahead of where it was at this point last year. The division continues to be the premier business in its market and is positioned for growth.

Longer term we have put in place measures to further reduce our supply chain costs through offshore direct sourcing, establishing a cost effective sub-assembly operation in China and setting up a drawing office in India. These initiatives are about sustaining Hastie's competitive advantage in the future.

Our commercial refrigeration's results are included in the Mechanical & Hydraulics financial numbers this year. This business was impacted by the significant cut back in spending in the supermarket sector in FY2010 although we expect to see some improvement in this coming year.

The **Electrical Division** saw strong revenue growth in FY2010 gaining market share in a market that, as for Mechanical & Hydraulics, faced a number of challenges last year. Margins were down on previous years but in-line with expectations and with our other installation divisions. Our multi-service MEP (mechanical, electrical and plumbing) offering to clients has been well received and in a number of contracts we have been successful in securing two or more services as clients see the value in working with Hastie across a range of services.

IMAGE KEY

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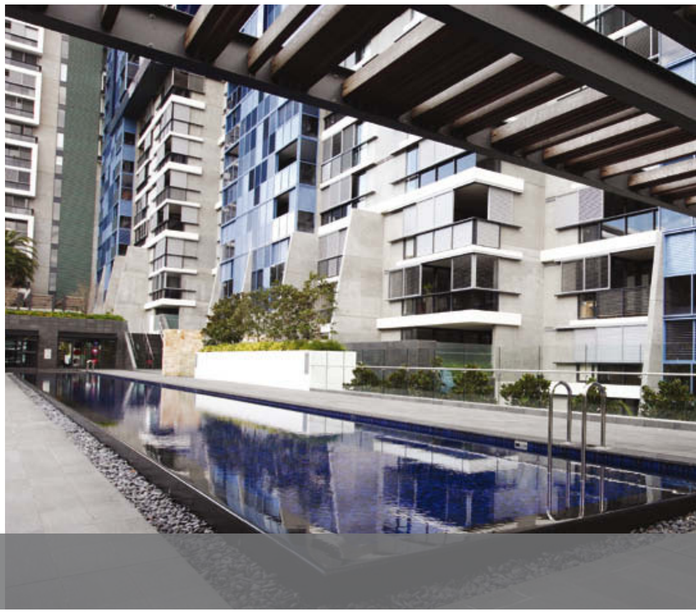
1. Darling Walk, Darling Harbour, New South Wales, Australia. **2.** Traders Hotel, West Bay, Doha, Qatar.
3. Residential outdoor swimming pool, Trio, Camperdown, New South Wales, Australia.
4. Portable Fire Services, Spectrum Fire & Security.



We are now able to include fire as part of our services and will continue to offer multi-services to clients as long as it meets their needs.

The **Services Division** also saw good revenue growth in FY2010 as we continued to win market share and grow our underlying preventative maintenance service base load. Australia and New Zealand performed strongly and we consolidated our position as the number one air conditioning service provider across both these markets. With the acquisition of Spectrum we now have the broadest technical service offering in the market and are able to provide our clients with air conditioning, electrical, refrigeration and fire services. This 'one-stop' service offering provides clients with a single point of contact and removes the complexity of managing multiple service providers.

Margins were lower this past year mainly as a result of lower pull through of discretionary maintenance spending by our clients as well as the inclusion of revenues for Spectrum at zero margin at the time of acquisition. The market continues to be highly competitive with few signs yet of a recovery in discretionary spending. A recovery in margins to previous levels is not expected for some time.

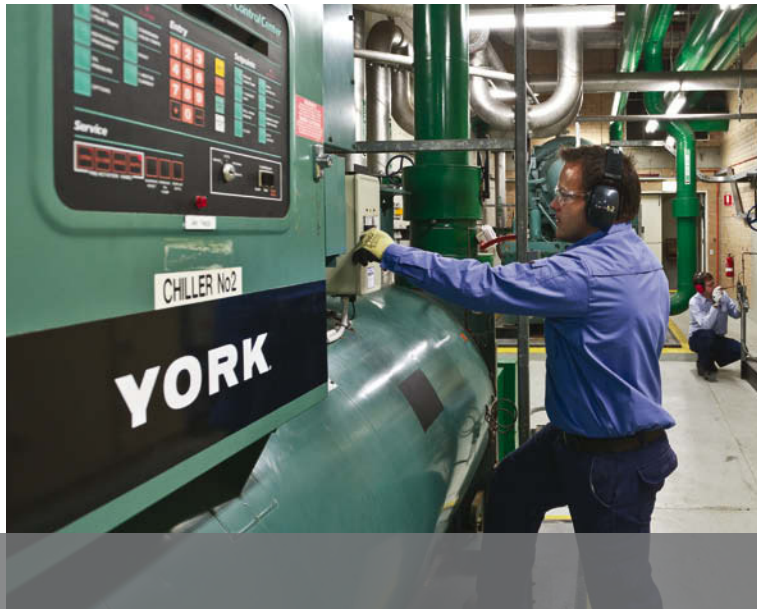
Our **Rotary** business in the United Kingdom performed well in a challenging and uncertain market. In a market where construction output fell sharply Rotary maintained revenues in local currency terms (3 per cent down) while margins in the second half of FY2010 improved for the first time since 2008. We used the opportunity during the year to strengthen our leadership team and have identified a number of growth opportunities in areas of the UK where Rotary historically was under-represented.

Rotary remains an excellent business with experienced people and a reputation for being able to deliver complex projects for our customers. While the market will remain difficult and is unlikely to see strong growth in the short term, there are signs that it has stabilised and we expect to see some profit growth in FY2011 in local currency terms.

Our business in the Republic of Ireland made a small loss of around $1m in FY2010. We have restructured the business substantially but are not expecting to see much improvement in FY2011.

In the **Middle East** we continue to make progress. While a number of projects were delayed in FY2010 due to the general economic slowdown, we have grown our order book and secured good quality future work in our chosen market sectors and with preferred clients. Our focus at this point in time is on Abu Dhabi and Qatar while completing a small number of existing contracts in Dubai. Progressing delayed payments on specific contracts for completed work remains slow and is a key management focus.

We continue to review counter party risks across all our businesses and believe that the provision we made in the Caribbean was an unusual situation in that the two hospitals had been successfully handed over to the client before we were informed on 7th July 2010 that the builder had gone into receivership. Normally if an event of this nature occurs while we are part way through a contract, there is an ability to work with the developer to address this situation.



OUR PEOPLE

At the end of FY2010 Hastie had over 7,000 employees based at multiple locations across our core geographic regions. The size of our workforce reflects the growth and strength of our businesses. Retention of our skilled and experienced workforce was a priority during the year.

In FY2010 we increased the number of staff working for Hastie Group by 10 per cent. This increase was due in part to the acquisitions we made but reflects also our growing business base and need to ensure that Hastie continues to have sufficient well trained people in the organisation capable of meeting the needs to our clients.

We have an active apprentice programme with almost 700 apprentices currently training. This represents almost 10 per cent of our workforce and is something we have actively supported notwithstanding the challenging market conditions. We have also aligned management development and training with succession planning to ensure we have experienced leadership able to capitalise on the group's expansion opportunities.

Our people provide us with a significant competitive advantage, helping us to provide the highest quality products, services and solutions. We have increased our commitment to skills development, focusing on the particular needs of different employee groups – such as engineers, project managers, graduates and apprentices – and aligning training with their career paths.

Workplace safety is a priority throughout all Hastie businesses, with the ultimate aim of 'zero harm' to all employees. We made significant progress in reducing the number of accidents in our businesses during FY2010, and lost-time injuries have fallen by an average of 33 per cent per annum since listing in 2005. This remains a core value of Hastie and it is a priority for everyone to ensure our people work in a safe and secure environment.

We would like to thank all members of the Hastie team for their contribution to the company's success and performance in FY2010. In a year of significant challenges, to have performed as well as they have done is a credit to their determination and capabilities. Their skills, experience and commitment are second to none in the industry and will continue to be a major factor in what differentiates Hastie in the market place and sustains the company's growth into the future.

SUSTAINABLE DEVELOPMENT

For the first time we are providing shareholders with a separate Sustainable Development report included in the Annual Report. This report covers the things we are doing as a company to grow sustainably and responsibly.

In FY2010 we achieved an enormous amount in many different areas including delivering multiple services for green buildings, achieving record safety performance that consolidates our position as the industry leader, enhancing our people development programmes, strengthening our risk management processes and reviewing our corporate governance.

For further information please see page 28.

IMAGE KEY

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1. Condenser water pumps, Royal North Shore Hospital Stage III, St Leonards, New South Wales, Australia.
2. Air conditioning plant room maintenance. **3.** 400 King William Street Development, Adelaide, South Australia, Australia.
4. John England Building air handling unit No.3 & 4, Berrimah Farm, Darwin, Northern Territory, Australia.

SHAREHOLDERS

Whilst there continues to be volatility in global markets which inevitably impacts on the Hastie share price, your Board and management have continued to execute the strategy that was put in place several years ago. We remain confident that this strategy is sound and robust and has the potential to create shareholder value going forward.

To all shareholders, large and small, we thank you for supporting us and we will strive to continue to deliver sustainable returns to you.

OUTLOOK

Hastie is well positioned in a challenging and uncertain external environment. Our businesses are sound and operate in sectors where there is demand. Our blue-chip customer base provides opportunities to cross-sell the group's expanding range of services and to tender for larger multi-service contracts.

Our balance sheet is secure, with the level of borrowings in line with the board's policy for gearing. We have no debt facilities maturing until April 2013 at the earliest. We are well within our debt covenants and have broadened our banking group.

We continue to invest in our human capital to ensure we are able to manage our growth and we have strengthened our management team and remain committed to our apprentice and graduate programmes. We are also enhancing our training and development programmes and have put in place strategies around retention and leadership.

We are well placed to take advantage of consolidation opportunities that may well occur in the market and we will continue to evaluate bolt-on acquisition opportunities if they fit with our strategy, have a committed leadership team and enhance shareholder value.

While the external environment continues to be volatile, we have started this year with an order book that is 20 per cent ahead of where it was the previous year. We have reasonable coverage of expected sales revenue for FY2011and the outlook for our businesses, particularly in Australasia which contributes around 75 per cent of the group's revenue, has strengthened. Our business in the UK is in reasonable shape with an order book ahead of where it was last year, while our position in the Middle East continues to improve.

Overall, with the further changes we put in place in FY2010 to align our cost structure with future demand, secure our future workload and strengthen our balance sheet, we are well positioned, assuming no material downturn in trading conditions, to grow our earnings this year.

Trevor Bourne
CHAIRMAN

David Harris
GROUP MANAGING DIRECTOR & CEO

BUSINESS SUMMARY

AUSTRALASIA

WHAT WE DO

MECHANICAL, ELECTRICAL, COMMERCIAL PLUMBING (MEP), FIRE AND REFRIGERATION

- Leader in the design and installation of technical services to the building and infrastructure sectors
- Services include:
  - Air conditioning installation
  - Electrical, communications and data services
  - Fire protection systems
  - Plumbing and drainage systems
  - Commercial and industrial refrigeration

STRENGTHS

- Most extensive resource base including engineering/design capability
- Proven decentralised business model delivering quality services at a local level
- Multi-service offering (mechanical, electrical, plumbing, fire)
- Broad geographic and market sector coverage
- Growing capability in infrastructure
- Experienced and skilled people
- Project management experience across all project types
- Provider of secure employment and safe workplaces for all employees
- Understanding of customer requirements based on long-term relationships

WHAT WE DO

MAINTENANCE SERVICES

- Provider of essential technical maintenance services and smaller-scale fitouts for:
  - Commercial and industrial air conditioning systems (HVAC), plumbing and fire
  - Commercial food facilities, kitchens and food equipment
- Design, installation and maintenance of fire and electronic security systems through Spectrum Fire and Security

STRENGTHS

- Leader in Australia and New Zealand, providing service 24 hours a day, 7 days a week
- Quick response to service calls backed up by automated sales and back office transactional processes
- Strong account management system
- Well established apprenticeship intake and training program
- Well placed to offer a full suite of technical services to an 8,000 plus customer base
- 'Whole of Life' service offering builds long-term customer relationships

UK & IRELAND

WHAT WE DO

MECHANICAL, ELECTRICAL & COMMERCIAL PLUMBING (MEP)

- Hastie operates under the Rotary Brand in the UK & Ireland
- Mechanical, Electrical & Plumbing including design and installation services to the commercial, industrial and infrastructure sectors

STRENGTHS

- Experienced management and workforce operating from 11 offices
- 55-year track record of completing major projects
- National presence
- Rotary's reputation attracts highly motivated staff

MIDDLE EAST & OTHER INTERNATIONAL

WHAT WE DO

MECHANICAL, ELECTRICAL & COMMERCIAL PLUMBING (MEP)

- Hastie and Rotary are both strong brands in the region
- Mechanical, Electrical & Plumbing design & installation for commercial, infrastructure and residential developments

STRENGTHS

- Experienced management and engineering team with a multinational workforce in excess of 2,000 with a broad range of technical skills
- Growing reputation as one of the leading building services companies in the Middle East
- Reputation for delivery of quality projects
- Co-operation between Rotary and Hastie providing enhanced strength from both operations
- Diverse geographic locations throughout the Middle East

FY2010 IN REVIEW	STRATEGY
▪ Strong results in Australia and New Zealand given the challenging market conditions ▪ Continued focus on OH&S led to significant reduction in total reportable injury rate ▪ Record order book and pipeline of prospects going into FY2011 ▪ Major industry awards for industrial and environmental projects ▪ Established sub-assembly plant in China for refrigeration ▪ Established design/drafting hub in India ▪ Continued investment in people	▪ Deliver quality earnings across a diversity of revenue streams ▪ Leverage multi-service capabilities when tendering for major projects ▪ Benefit from centralised human resources and management information systems ▪ Strengthen succession planning capabilities and create opportunities for accelerated career paths ▪ Focus on strengths in sectors identified as having the greatest potential ▪ Expand industrial refrigeration business into selected new markets ▪ Sustain and build long-term relationships with blue chip corporate customers ▪ Capitalise on cost reduction initiatives implemented in FY2010
▪ Acquisition of Spectrum Fire & Security in May 2010 ▪ Enhanced service delivery in New Zealand with merging of Cowley Refrigeration Services with Aquaheat Services ▪ Acquisition of James + More reinforces Hastie's position as leading technical services provider in Northern Australia ▪ Continued focus on recurring revenue contracts in retail and banking sectors	▪ Continue to expand service offering through organic growth and selected acquisitions ▪ Continue the expansion of geographic coverage in Australia and international leveraging from group presence ▪ Capitalise on opportunities resulting from expanded HVAC footprint ▪ Continue to focus on recurring revenue streams
▪ Maintained revenue and EBIT in UK despite difficult market conditions ▪ Expanded client base that will deliver future benefits ▪ Stronger order book being carried forward ▪ Again, won Presidents Award and gold medals from Royal Society for Prevention of Accidents	▪ Expand into selected regions and markets in UK ▪ Continue organic growth through winning increasing share of projects ▪ Further develop client opportunities as economy improves ▪ Continue strategy of attracting the industry's top personnel
▪ Expansion of operations in Abu Dhabi ▪ Established offices in the State of Qatar and the Sultanate of Oman ▪ Awarded first contracts in the State of Qatar ▪ Successfully completed first contract in Saudi Arabia ▪ Hastie India expanded to provide substantial drawing and drafting services to the Middle East ▪ Achieved accreditation in accordance with ISO 9001, ISO 14001 & OHSAS 18001	▪ Focus on delivering existing contracts and progressively building order book ▪ Priorities are Abu Dhabi, Qatar and potentially Saudi Arabia ▪ Establish additional product lines within existing markets leveraging on the service offerings from Australia and the UK ▪ Investigate selective international opportunities elsewhere under a risk managed approach

AUSTRALASIA - **MECHANICAL, ELECTRICAL, COMMERCIAL**

MECHANICAL

- Strong results given the challenging market conditions
- Record order book moving into FY2011
- Continued focus on OH&S led to a 30 per cent reduction in injury rate
- Ongoing infrastructure opportunities especially healthcare

"Hastie Group's Mechanical activities performed well in FY2010, an impressive performance that positions it well for a recovery in the non-residential market."

Hastie's leadership in the air conditioning installation business underpinned strong results when the challenging market conditions present in the past year are considered.

FY2010 was a year in which Hastie Group's Mechanical activities contributed strongly to the Group's results, a pleasing performance given the difficult market during the year. As a result, Hastie has been able to continue investing in systems, workplace safety and in growing market share at a time when many competitors have been constricted by the economic environment.

FLEXIBLE BUSINESS MODEL

These results are a tribute both to Hastie's proven business model and its flexible management approach. While some consolidation of smaller business units was necessary to maintain the Group's competitive advantage, one of its key strengths remains the ability to deliver high quality professional services and tailored solutions to customers at a local level. These local businesses draw on centralised human resources and management information as well as regional engineering facilities.

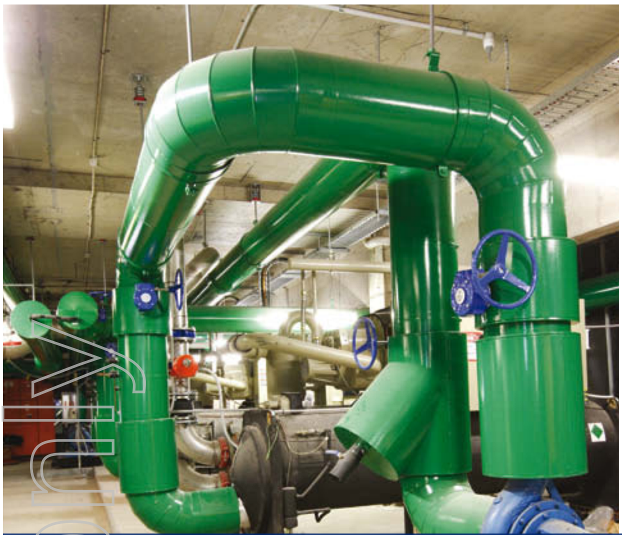
THINKING GREEN

Hastie Group is at the forefront of the move to green buildings. 6 star buildings completed in FY2010 included SA Water's new head office in the Adelaide CBD and The Ark, a spectacular new office building in North Sydney. More are in the pipeline: 123 Albert St, Brisbane and 1 Bligh Street, Sydney are two new 6 star office tower projects currently under construction.

IMAGE KEY

1	2	3	4

1. Administration building, Charles Darwin University, Casuarina, Northern Territory, Australia . **2.** ENEX 100 (Century City), office and retail development, Hay Street Mall Entrance, Perth, Western Australia , Australia. **3.** Chiller plant room, Royal North Shore Hospital Stage III, St Leonards, New South Wales, Australia. **4.** Main pool ventilation, Elizabeth Aquadome, Elizabeth South, South Australia, Australia.



PLUMBING (MEP), FIRE AND REFRIGERATION

SPECIALIST APPLICATIONS

During FY2010, Hastie maintained its position as Australia's leading provider of flameproof, explosion resistant air conditioning equipment for remote sites, with the award of a contract for Woodside's Gorgon field.

OPPORTUNITIES IN HEALTHCARE

The year saw a continued high level of project focus in the healthcare sector across Australasia. As a result, Hastie companies were able to draw on their past experience and offer their extensive knowledge and capability to these projects. It is anticipated that this trend will continue as health infrastructure is rebuilt to accommodate increasing demand. Hastie will remain at the forefront of these projects and its multi-service offering should prove to be convenient and attractive when new projects are being considered.

OCCUPATIONAL HEALTH & SAFETY

Workplace safety improved for the fourth year in a row, with the total reportable injury rate falling by over 30 per cent compared with the previous period. This performance reflects the company's commitment to providing a safe workplace for its entire team.

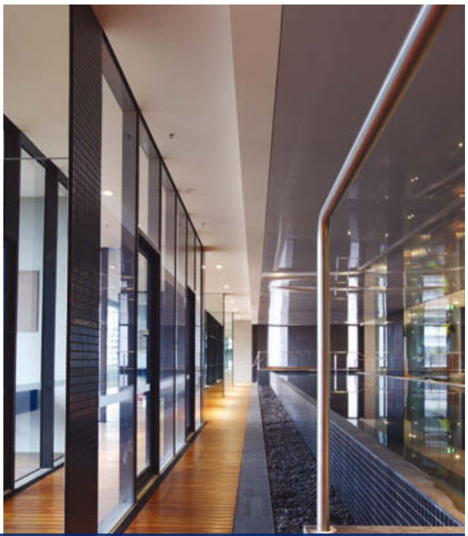
RECORD ORDER BOOK

For the Group's Mechanical businesses, the recovery appears to be well on track. Hastie entered FY2011 with the largest backlog of installation orders in its history. Furthermore, there are significant opportunities in the market. New projects in the commercial and defence sectors are coming on stream, and the Group's strength in the health and communications markets has continued to underpin its achievements. The awarding of the Gold Coast University Hospital contract will leverage Hastie's strength across several areas of activity, while other major contracts include Nepean Hospital, a 6 star office tower at 163 Castlereagh St, Sydney and new premises for the Australian Tax Office in Adelaide.

SYNERGIES WITHIN HASTIE GROUP

As the chart below shows, there has been a pronounced trend towards several Hastie businesses working together in a growing number of projects during FY2010.

Project	Mechanical	Electrical	Commercial Plumbing
Parkville Neurosciences Facility	✓	✓	✓
RMIT Design Hub	✓	✓	✓
S.A. Water	✓	✓	
BER Schools Programme	✓	✓	✓
CNBP Base Building	✓	✓	
Gold Coast University Hospital	✓		✓
Westpoint Blacktown	✓	✓	✓
Darling Walk	✓		✓
Castle Towers	✓	✓	✓
Sunshine Hospital	✓	✓	
163 Castlereagh St, Sydney	✓	✓	



AUSTRALASIA - **MECHANICAL, ELECTRICAL, COMMERCIAL**

ELECTRICAL

- Strong revenue growth partly attributable to Government stimulus
- Record order book, significantly up on previous year
- Involvement in water capability projects reaps rewards
- Strong commitment to training – over 300 apprentices

"The company has worked hard to successfully maintain the momentum gained during the roll-out of the Government's stimulus packages."

Hastie Group is one of Australia's leading providers of electrical, communications and fire protection systems through its Heyday Group and Watters Electrical businesses.

In FY2010, Hastie's Electrical businesses defied the negative trends present in the marketplace, recording an increase in revenue and delivering satisfactory returns despite the difficult economic climate. Its business base expanded during the year to include Fire services, part of Hastie's overall multi-service strategy.

STIMULUS SPENDING

The uplift in revenue was, to a certain extent, a legacy of the Government's stimulus packages. Spending in health, education and defence all contributed to the revenue figures achieved. More importantly, the company has worked hard to ensure that the momentum resulting from this work can be maintained.

These efforts have been rewarded with a highly satisfactory forward order book. By the beginning of FY2011, the backlog of orders for this part of Hastie's operations was significantly higher than at the beginning of FY2010.

DESALINATION ACTIVITIES

Hastie Group has benefited from the increased demand for desalination plants. Heyday Group successfully completed the contract for electrical and instrumentation services at the Sydney Desalination Plant which was handed over during January 2010. At the Wonthaggi Desalination Plant in Victoria, Hastie is responsible for the supply of wet and dry fire services to the plant. This plant is an excellent example of the Group supplying multiple services to one project – industrial refrigeration specialist Gordon Brothers Industries – which now operates under the overall management structure of the Mechanical activities of

IMAGE KEY

1	2	3	4

1. External view from corner of Queen Street & Dora Street, Medica Centre, Hurstville, New South Wales, Australia. **2.** Residential swimmng pool, The Hyde, Sydney, New South Wales, Australia. **3.** Residential lobby, Ground Floor, Central Building, Trio, Camperdown, New South Wales, Australia. **4.** The Hyde, Sydney, New South Wales, Australia.

PLUMBING (MEP), FIRE AND REFRIGERATION

Hastie Group – won the contract for process equipment cooling, which incorporates low carbon footprint refrigeration systems.

MAJOR PROJECTS

New work secured late in FY2010 and the beginning of FY2011 will carry the Group forward with confidence. Across the board, Hastie's ability to integrate complementary services has helped win lucrative business. For example, at the Commonwealth New Building Project in Canberra, Hastie will supply mechanical and electrical services. Contracts for the design and construction of both mechanical and electrical services for the high-rise commercial developments at 163 Castlereagh St, Sydney, ANZ Bank's new Sydney offices, and 1 Bligh St, Sydney, new headquarters for law firm Clayton Utz, were won during FY2010. Another notable win was the electrical services contract for the extensions to Stocklands Merrylands.

Hastie's diversification into water capability projects, noted in last year's Annual Report and above, has also paid dividends. The winning of the contracts for works at the Victorian desalination plant forms part of $200m of new work secured by the Group, which will impact almost every aspect of its operations.

COMMITMENT TO TRAINING

Hastie is proud of its Group-wide commitment to training and skills development. It is very pleasing to note that during the year, one of its electrical apprentices received the Australian Business Limited sponsored Apprentice of the Year. More importantly, the winner was one of 307 apprentices employed within the Electrical services part of the Group.

THE YEAR AHEAD

With a strong contract pipeline for its Electrical businesses, Hastie Group is looking forward to positive returns from diverse income streams in FY2011. It will explore synergies that have resulted from restructuring during the past year and focus on sectors identified as having the greatest potential, including defence, health and data centres. The activities of these Hastie businesses now provide employment for over 1,250 employees, for whom the Group provides a safe and secure workplace.

SHARING KNOWLEDGE WITHIN THE GROUP

In FY2010, Hastie Group has moved to ensure it is positioned to make the most of its vast experience and accumulated knowledge bank.

HASTIE ENGINEERING FORUM

One of the keys to the Group's ability to respond to change is the sharing of information on technical issues, resources, lessons learnt and other business experiences via the bi-monthly Hastie Engineering Forum. The Forum also allows engineering managers to discuss engineering issues and how the Group can influence industry technical directions.

THE HASTIE WIKI

One of the most interesting initiatives to come from the Hastie Engineering Forum in FY2010 was the Hastie WIKI. Effectively functioning as Hastie's in-house encyclopaedia, this internal education resource provides engineers with fast links to vital information and leverages the wealth of knowledge that resides within the Group.

AUSTRALASIA - **MECHANICAL, ELECTRICAL, COMMERCIAL**

COMMERCIAL PLUMBING

- Pleasing results despite difficult trading conditions
- Standardised estimating allows for synergies with the Group's Mechanical and Electrical operations
- Adoption of Building Information Modelling gives Hastie a technology edge
- Strong order book and pipeline of prospects

"Hastie's Commercial Plumbing business is poised to make the most of improved trading conditions ahead."

When Hastie Group expanded into commercial plumbing and drainage, it not only added a profitable extension of the company's service offering, but also the potential to capitalise on existing customer relationships by offering complementary capabilities to major projects. In FY2010, the strategy continued to prove its worth.

During FY2010, Hastie Group's Commercial Plumbing business maintained critical mass, a considerable achievement for this recent addition to the company's service offering. As a result, Hastie is poised to make the most of improved trading conditions ahead.

PROFITING FROM NEW TECHNOLOGY

The ongoing adoption of new technology has delivered increases in both productivity and safety. The commitment to innovation – such as the application of laser mark out technology – is typical of the Group's approach to remaining at the forefront of technical advances.

DIGITAL MODELLING

Hastie's Commercial Plumbing operation is also benefiting from the Group's investment in Building Information Modelling (BIM). BIM is more than simple three-dimensional representation. It is a far richer three-dimensional tool, which delivers whole-of-life insight into a building's critical data and can be updated with 'as built' project information for future building operations and management. The application of BIM creates a database for the project's entire life cycle, and – more importantly – offers the benefits of a sophisticated tool seldom available in the plumbing industry. It will also help the Group exploit synergies between the different services it provides.

IMAGE KEY

1	2	3	4

1. Roof plant room, Darling Walk, Darling Harbour, New South Wales, Australia. **2.** Manufacture of cooling systems for the mining industry, Gordon Brothers Bendigo Factory, Victoria, Australia. **3.** Chiller plant room, Darling Walk, Darling Harbour, New South Wales, Australia. **4.** Heat exchangers for cooling air in the beverage industry, Gordon Brothers Bendigo Factory, Victoria, Australia. INSET Artist's impression of Gold Coast University Hospital, Gold Coast, Queensland, Australia.

PLUMBING (MEP), FIRE AND REFRIGERATION

STANDARDISED ESTIMATING

During the last 12 months, the Group has moved to standardised estimating packages, complementing its existing uniform Group-wide IT platform. This will prove invaluable in coordinating and integrating major bids and in enhancing risk management protocols.

THE YEAR AHEAD

Despite the impact of the global financial crisis and subsequent delay or suspension of some targeted projects, Hastie Group has secured a record level of new commercial plumbing projects. The company is actively participating in a number of Public-Private Partnerships such as Gold Coast Hospital and Royal Children's Hospital (Melbourne), and was preparing a bid for another major hospital project at the beginning of FY2011. These and other confirmed projects should form the platform for continued success in FY2011/12.

GOLD COAST HOSPITAL – INNOVATION IN ACTION

One of Hastie Group's largest multi-service contracts, the Gold Coast University Hospital will be a state of the art medical facility for this growing region. The company has established a dedicated 2,000sqm operations centre for the project's management, manufacturing and training requirements.

Less than 5 minutes from site, the facility is receiving 'flat packed' duct from Brisbane which is then assembled to a finished product and delivered to the project installation crew on site to meet the construction timeline. The installation of a new coil line will soon follow and prefabrication of hydraulic and medical gas pipework will also be undertaken. The result will be reduced onsite time, with enhanced control of OH&S as an added benefit.

Equipment required for the project will be first delivered to the facility, ensuring tight control of any deliveries to site and that management of waste, packing and pallets is also closely controlled. With sites usually disrupted by frequent and uncoordinated deliveries, this approach will significantly improve project management.

Onsite staff are utilising a 'trimble' device which aids the setting out and installation of the pipework penetrations and duct brackets system. The hydraulics team has indicated a significant saving in site hours.

Staff and client training are also provided at the facility. Staff receive induction training and site specific training on scissor lifts and man hoists. Training in medical gases will also be provided for both staff and client supervisors.

FIRE

The Group provides fire installation services including fire detectiion, alarm and control, and sprinkler systems. The Group's national capability was enhanced by the recent acquisition of Spectrum Fire and Security.

AUSTRALASIA - **MECHANICAL, ELECTRICAL, COMMERCIAL**

COMMERCIAL REFRIGERATION

- Establishment of sub-assembly plant in China results in more competitive cost structures
- Wide geographic focus to meet the needs of local and international clients
- Design focus to meet customer demand for energy efficient and environmentally friendly products and systems
- Low demand and excess capacity adversely affect the sector in FY2010

"In a difficult year, Austral Refrigeration has met its most important objective: to improve cost structures to establish a competitive edge in the marketplace."

Austral Refrigeration, Hastie Group's Commercial Refrigeration business, is the market leader in the design, installation and service of commercial refrigeration in Australia and New Zealand. In response to changing demand in the local and international marketplace, significant decisions were made in FY2010, which will ensure the continued viability of this business as the recovery gains momentum.

During FY2010, Austral Refrigeration faced up to significant challenges. Low demand coupled with excess capacity in the sector drove reduced margins on softer sales. The Group's response has been to meet these challenges head-on and position the business for future growth.

NEW SUB-ASSEMBLY OPERATION

A key decision was to establish a sub-assembly operation in China, which came on stream at the beginning of FY2011. The new plant will produce sub-assemblies for refrigerated cabinets to domestic customers in Australia and New Zealand, as well as opening up new international opportunities. Austral's operations in Australia will continue to be a centre of excellence specialising in product development, research and development (R&D) and the production of custom designed cabinets. As most major contracts require a mix of stock items and customised installations, this will give the company a competitive edge because it can source almost all cabinets from its own resources.

IMAGE KEY

1	2	3	4

1. Deli cases, Spar Store, Alexandria, New South Wales, Australia. **2.** Deli cases, Coles, Eastland Shopping Centre, Eastland, Victoria, Australia. **3.** Cheese cases, Coles, Eastland Shopping Centre, Eastland, Victoria, Australia. **4.** Semi vertical cases, Coles, Eastland Shopping Centre, Eastland, Victoria, Australia. INSET Deli cases, Spar Store, Alexandria, New South Wales, Australia.

PLUMBING (MEP), FIRE AND REFRIGERATION

ENVIRONMENTAL IMPACTS

The need to reduce energy consumption and greenhouse gas emissions remains a major focus for supermarket operators. Austral's approach to new product design, specification and installation continues to focus on energy efficiency and the use of environmentally friendly refrigerants.

This has been a fundamental factor in our successful completion of an energy reduction program covering 100 stores operated by a leading Australian retail group. Significant reductions in energy usage from their refrigeration plant and equipment have been achieved – and the knowledge acquired positions Austral advantageously for similar programs with other retailers.

THE YEAR AHEAD

Hastie has positioned itself to remain the leading low cost provider of improved and more efficient refrigerated merchandising cabinets The changes implemented in FY2010 are in line with the principal objective noted in last year's Annual Report: to improve cost structures. Establishing sub-assembly operations in a lower cost country will help Austral pursue new markets such as Singapore, Malaysia and China, and advantageously position the Group's Commercial Refrigeration business for the recovery.

AUSTRALASIA - **SERVICES**

SERVICES

- Continued focus on building recurring revenue business
- Key acquisition of James + More in November 2009 and Spectrum Fire & Security in May 2010
- Enhanced service delivery in New Zealand
- Extended national footprint in Australian HVAC market
- Market leader in Australia and New Zealand

"Hastie Services recorded a 28 per cent increase in multi-year recurring contracts. This 'whole of life' service offering is building long-term relationships with the Group's customer base."

Hastie Services is the market leader in the provision of essential technical services in the Australia and New Zealand non residential markets. In FY2010, Hastie Services' heating, ventilation and air conditioning (HVAC) reaffirmed its number one position by recording over $200m in recurring revenue sales, representing a 28 per cent increase in multi-year recurring contracts.

The business not only increased its footprint, but also expanded its service offering through a strategic acquisition in the fire and electronic security sector. As a result, it now offers the broadest technical services offering in the market.

In line with its long-term strategy, Hastie Services can now bundle planned maintenance, breakdown and minor works upgrades for its growing customer base in HVAC, refrigeration, fire and electronic security. Its activities complement the Group's design and installation businesses by providing a 'whole of life' service offering that builds customer relationships on an ongoing basis.

EXPANSION TO THE NORTH

In November 2009, Hastie Services acquired James + More, the leading multi-service provider in Far North Queensland with operations in Cairns and Townsville. The decision was also taken to open a new branch in Darwin, which came on stream in August 2009. These moves reinforce Hastie Services' reputation as the

IMAGE KEY

1	2	3

1. Macquarie Building, Sydney CBD, New South Wales, Australia.
2. Westfield Shopping Centre, Helensvale, Queensland, Australia.
3. University of South Australia, Adelaide, South Australia, Australia .

leading essential technical services provider in Northern Australia. The company is now well positioned to take advantage of Townsville's economic growth and the expansion of the oil and gas industries in the Northern Territory.

ENHANCED SERVICE DELIVERY IN NEW ZEALAND

Another important decision taken in the past year was to merge Cowley Refrigeration Services with Aquaheat Services in New Zealand. The merged business, rebranded as Cowley Aquaheat Services, is now a "one stop shop" for HVAC, refrigeration, fire and plumbing services. With 12 branches across New Zealand, it is the country's number one technical services provider.

ACQUISITION OF SPECTRUM FIRE & SECURITY

Undoubtedly the biggest news for Hastie Services during FY2010 was the acquisition of Spectrum Fire & Security in May 2010. Operating in all key major cities in Australia, Spectrum is a $100m+ business with over 500 employees and effectively complements the existing service offering to Hastie's Group-wide customer base. Spectrum's core business is the design, installation and maintenance of fire and electronic security systems, including smoke detection equipment, sprinkler systems and fire extinguishers. While it is already a national business, there is further potential to infill geographically as potential markets for Spectrum's services are identified.

CONTINUAL GROWTH IN RECURRING REVENUE BASE

In FY2010, Hastie Services reaffirmed its leading position in the non-residential HVAC market by growing its recurring revenue base to $34m with good quality major business wins in the industrial, retail and mining sectors. The result was a 28 per cent increase on an already substantial base programmed maintenance portfolio with opportunities to deliver additional services in future years.

Technical maintenance contracts won include 21 Stockland retail and commercial premises across Queensland and New South Wales and 60 Woolworths retail stores across the north and south islands of New Zealand. Other wins include fire maintenance contracts covering all Bunnings outlets Australia-wide and the Toga Hospitality hotel chain.

TECHNOLOGY ROLL-OUT

Hastie Services leads the industry in adopting new technology designed to enhance customer satisfaction. In the past year, Hastie invested in automating sales and back office transactional processes. The next stage of this program will provide customers with online access to service scheduling and progress.

THE YEAR AHEAD

In FY2010, Hastie Services has extended its national footprint in HVAC, invested in fire security and expanded its recurring revenue base. In the coming year, the full benefits of this expansion will be realised, confirming that Hastie is well positioned for growth as the anticipated recovery takes hold.

UNITED KINGDOM & IRELAND - **MEP**

- Revenue and EBIT maintained in difficult market conditions
- Expansion of strong blue-chip customer base
- Significant new projects won in UK
- Increased order book for FY2011

"Rotary is well positioned for the eventual recovery in the UK, with a stronger order book that should prove to be the backbone of its performance in FY2011."

In the UK, Hastie Group operates under the highly respected Rotary brand. Rotary is clearly identified as a business that has a robust strategic plan in place to see out the remainder of the global financial crisis.

As a top quality Mechanical, Electrical and Public Health provider to its blue chip customer base, Rotary remains in the top echelons of the UK's design and construct and construct-only building services providers.

In FY2010, Rotary not only continued building its long established relationships but also strengthened bonds with new clients, strengthening its ongoing supply chain as a result.

While revenue for Rotary UK was marginally down on the previous year in local currency, profit margins in the second half of FY2010 increased compared with the first half. This was the first increase since 2008 and reflects a stabilising of the market.

MAJOR PROJECTS

As works on the Media City project were drawing to a close, Rotary was awarded a contract for the Studio Office Tower. Other major contracts completed in the year include South Cheshire College, The College of Westminster and The Welsh Assembly.

Despite a very difficult trading environment, Rotary won a number of significant projects such as Cambridge Laboratories, The Co-operative Group's new headquarters, Lancaster University Energy Centre and a new state of the art testing facility for F G Wilson.

In addition, the business has successfully negotiated and signed a number of framework agreements in several sectors, which will provide significant opportunities in the coming years.

IMAGE KEY

1 2 3

1. HSBC Bank Headquarters, 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland. **2.** "Herberton, Phase 2 of the redevelopment of Fatima Mansions, a 1950s local authority flat complex in Dublin 8, Ireland. **3.** The Royal Courts of Justice, London, United Kingdom.

OCCUPATIONAL HEALTH & SAFETY

Rotary has beaten all of its workplace safety targets for FY2010. Nevertheless, the business will not rest until every employee on every project and in every office can rest assured that they will return home at the end of the day safe and unimpaired. Rotary was rewarded for its Health and Safety efforts with a further The Royal Society for the Prevention of Accidents Presidents Award and three Gold Medals.

STRONG MANAGEMENT

During FY2010, Rotary took full advantage of the surplus of highly motivated and qualified individuals in the marketplace. As a result, the business has added significant strength to its management base across all businesses.

PERFORMANCE IN IRELAND

Rotary M&E Services Ireland Ltd, Rotary's Republic of Ireland subsidiary, continues to operate in a very difficult market. The Irish economy remains in recession with construction output falling and the business recorded a loss of €700,000 ($1m) in FY2010.

Rotary M&E Services has restructured, reorganised and reduced its operating cost base to deal with current and future economic conditions. We continue to hold market position and have recently been awarded projects such as the National University of Ireland Galway, University of Limerick and the National Children's Hospital Dublin.

THE YEAR AHEAD

As Rotary enters FY2011, management is conscious of the challenges that lie ahead. The business is fortunate to have a stronger forward order book and a number of significant opportunities in the UK in line with the Group's overall growth strategy. Rotary remains committed to both organic growth and strategic bolt-on acquisitions that will position it advantageously as the economy recovers.

The progress made to date in Rotary Northern and Rotary Scotland is particularly gratifying. During the next few months, Rotary Scotland will be relocating to more suitable premises. Rotary North West and Rotary Head Office will also be moving to a new office as they have outgrown their existing base.

MIDDLE EAST & OTHER INTERNATIONAL - **MEP**

- Expansion of operations in Abu Dhabi and establishment of offices in Oman and Qatar
- Co-operation and collaboration between Hastie and Rotary enhances strengths of both businesses
- Strong order book including significant wins in key sectors and markets
- Growing reputation as a quality MEP provider

"In some ways Hastie Group can be seen to have come of age in the Middle East in FY2010 with the opening of new offices and the winning of major projects in the health and infrastructure sectors."

FY2010 has seen further expansion of Hastie Group's activities in the Middle East, where its increasing strength is not dependent on any single market. The Group operates through two established brands, Hastie International and Rotary International, and has approximately 2,000 employees in the region.

Whilst operating in their own right, both Hastie companies in the region benefit from synergies and multi-service capabilities which enhance the strengths of each organisation.

ROTARY INTERNATIONAL

During FY2010, Rotary added depth to its management team in the Middle East, and restructured its operations in Dubai, Abu Dhabi and Qatar.

Despite the downturn in Dubai during FY2010, Rotary continues to have work in progress with the Novotel and Burj Projects.

Abu Dhabi continues to develop as a solid centre of business for Rotary with projects for many prominent clients in key areas including the oil industry and the health sector.

Like Abu Dhabi, Qatar also continues to be a strong business environment for the company with major new projects for prominent clients including the New Doha International Airport Authority and government infrastructure projects.

In FY2010, Rotary's Abu Dhabi and Qatar operations have matured as sustainable and robust businesses. The depth of management and quality of client base, together with the significant increase in value of secured work in these

IMAGE KEY

1	2	3

1. Perspective of Central Library Building, Zayed University, Abu Dhabi, UAE. **2.** JAL Hotel & MUT Towers, Dubai, UAE. **3.** Under construction Central Campus, Zayed University, Abu Dhabi, UAE. **INSET:** Dalma Mall, Abu Dhabi, UAE.

areas, means that Rotary is well positioned to participate in the recovery and anticipated significant future development of these two economies.

HASTIE INTERNATIONAL

Hastie International continues to grow in the Middle East with an expanding client base and entry into new markets within the region.

The Zayed University Project in Abu Dhabi is on track for completion in 2011 with the first student intake in September of that year. Additional major projects have been awarded during the year in the UAE with a continuing pipeline in Abu Dhabi to secure ongoing development.

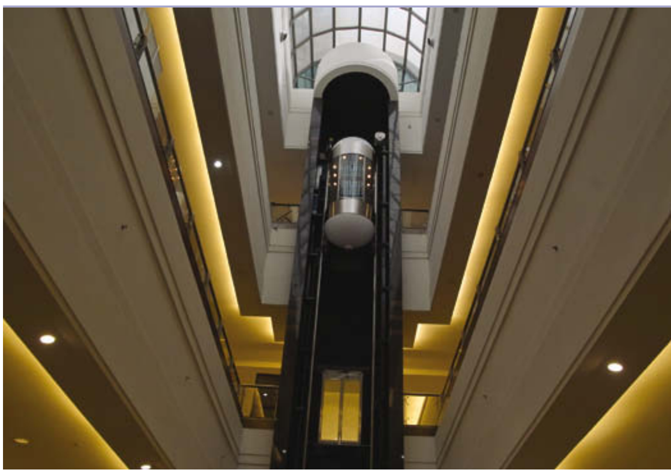
A new company was established in the State of Qatar in January 2010 and has already secured substantial projects with a major construction group in the area. With a growing reputation for reliable delivery and a substantial pipeline of quality projects the outlook for this area remains very positive.

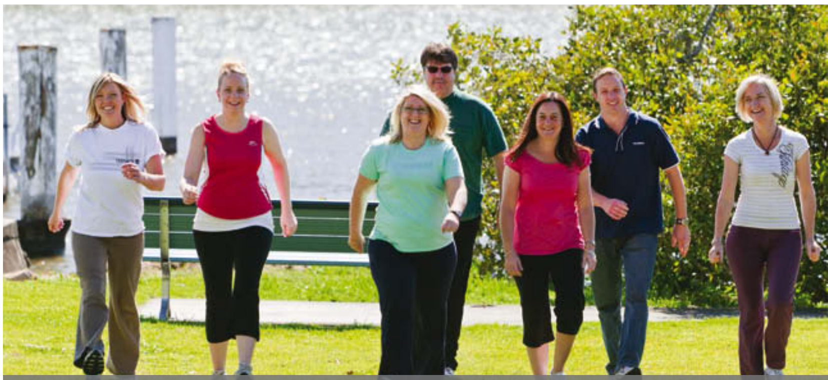
With a Regional Hub located in Dubai and additional offices now located in Abu Dhabi, Oman and Qatar, Hastie is well positioned for growth into other areas and additional product lines within the region.

EMERGING MARKETS

Looking beyond its operations in Australia, New Zealand, the UK, Ireland and the Middle East, Hastie continues to explore and develop new opportunities for growth under its Hastie & Rotary brands throughout the world. For example, in the last 12 months a new drafting office was established in India to support Hastie businesses in India and elsewhere.

The Group is presently targeting potential new opportunities in a number of areas. At the same time, the Group continues to develop its recently established business in Saudi Arabia where we have successfully delivered our first contract.





SUSTAINABLE DEVELOPMENT REPORT

FROM THE CEO

The 2010 Hastie Group Sustainability Report is a milestone for the company. It is the first report dealing with our sustainability performance over the previous year and our priorities for the year ahead.

Sustainable development has always been central to the way Hastie Group operates. We are committed to achieving high standards in the important areas of economic performance, environmental excellence and social contribution. This not only provides reassurance to our stakeholders but also makes good business sense.

At Hastie Group, like other world-class companies, we are evolving our notion of sustainability and how it integrates with our business strategy and reporting. This year, we are reporting for the first time against the Global Reporting Index – G3 framework established by the Global Reporting Initiative www.globalreporting.org, which benchmarks our performance, identifies successes and assesses, as appropriate, areas for improvement in reporting and performance.

Hastie Group has successfully operated and continues to operate a decentralised business model under which, for example, many business inputs including energy and transport are purchased by individual businesses. While this will continue to be our preferred operational model, we are examining ways in which we source products to benefit from the scale and geographic reach of the Group. This will allow us to strengthen our competitive position while also selecting products that support our commitment to sustainable growth.

We regard regular engagement with our stakeholders as central to the operation of a sustainable business. At the individual business level, we regularly seek and act on feedback from our customers. We communicate sustainability initiatives with our employees via our company newsletter and web enabled conferences. We also conduct employee surveys as we are committed to reviewing and changing company practices, as appropriate, based on feedback received.

In April this year, institutional investors were invited to participate in a site tour of current Sydney and Melbourne Hastie Group projects. Interviews, open briefings, investor presentations and results briefings are recorded and made available on Hastie Group's Internet site. We prepare an annual report which is distributed to shareholders in hard copy, as requested, and also made available on our internet site. A Half Year Report to shareholders was introduced for the first time in FY2010.

Increased engagement with stakeholders remains a focus for the year ahead.

We are pleased to present this report to you and invite you to read about a number of our achievements during the past year.

ECONOMIC PERFORMANCE

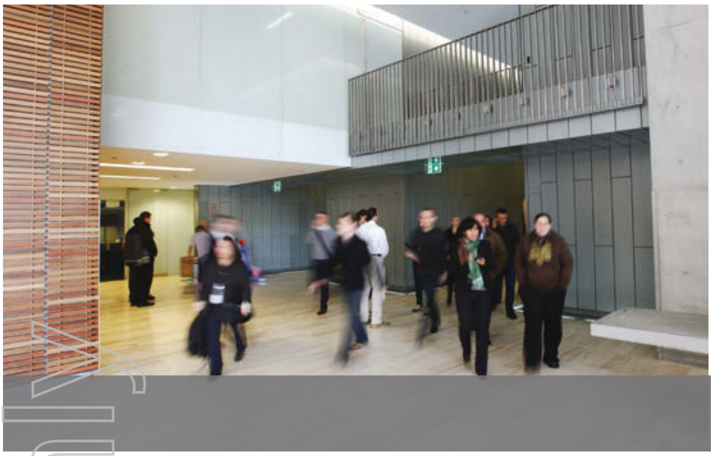
Hastie Group has continued to demonstrate strong economic performance in challenging market conditions. This was due to the diversification of our business across market sectors, our ongoing strong relationships with clients, the leadership positions of our businesses and the quality of our people. Other important factors included our integrated risk management processes and increased focus on risk evaluation procedures. Our teams continued to show good discipline in estimating and cost negotiation, ensuring our profit margins remained at around historic levels.

Staff numbers have grown by approximately 9.5% over the financial year and Hastie Group paid $472m in staff wages and benefits. Hastie Group contributed $11.3m

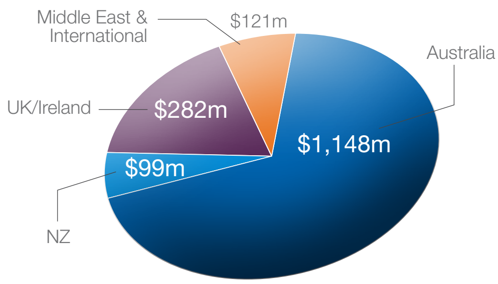
IMAGE KEY

1	2	3	4

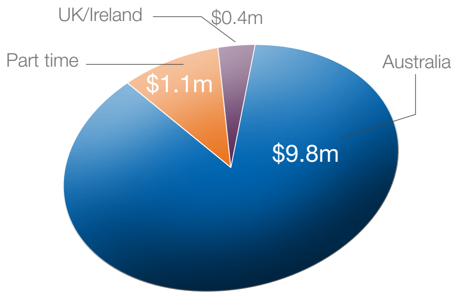
1. 10,000 Step Challenge. **2.** Supervisor completing a MATES inspection discussion around risk reduction in the workplace. **3.** Interior view, Ark Tower (6 Star Green Building), North Sydney, New South Wales, Australia. **4.** Supervisor completing a MATES inspection discussion around risk reduction in the workplace.



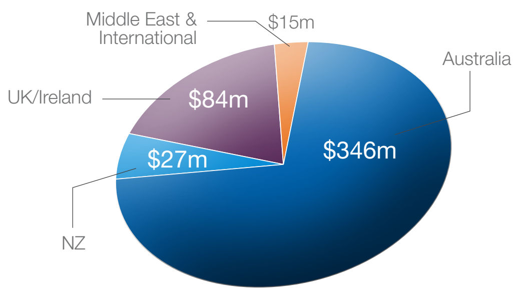
SALES



INCOME TAX PAYABLE ON PROFIT



EMPLOYEE BENEFITS



in government taxes and received no significant financial assistance from government.

During FY2010, we further strengthened leadership teams both in individual businesses and at corporate head office. We have also continued our staff training programmes and apprenticeship development as key strategies to sustain Hastie Group.

ENVIRONMENTAL EXCELLENCE

Hastie Group is committed to reducing the negative environmental impact of its operations and activities. Our opportunity is to not only effectively respond to change, but also to influence the direction of change. Stakeholder expectations regarding energy efficient products and services have risen significantly over the last few years and we recognise the urgency to create a sustainable future by adopting 'green' principles in all stages of the building cycle.

Hastie Group is playing its part in improving the environmental performance of buildings and infrastructure through our commitment to energy research, active involvement in industry forums and the green skilling of our staff. Our experienced and knowledgeable team has enabled Hastie to deliver some outstanding examples of sustainable buildings and keep the company at the forefront of developments in this important area.

SOCIAL CONTRIBUTION

Hastie is committed to ensuring all our staff come to work and return home safe and sound. Our focus and investment in this critical area has seen improvements in our Lost Time Injury Frequency Rate of 33% per year since listing in 2005. We are the leading performer in our industry and our clients choose to work with us due to our commitment to providing a safe and healthy work environment for all. In FY2010, we introduced a number of important safety initiatives including the Managers Actively Targeting Employee Safety (MATES) program and the compulsory wearing of safety eyewear and gloves. As a further measure of success, we have seen a 70% reduction in the rate of eye injuries and a 24% reduction in the rate of hand injuries from FY2009 to FY2010.

We are proud that despite the busy year for our businesses, Hastie staff continued to support a range of community initiatives including charity fundraisers and pro-bono community building projects. Our commitment to apprenticeship training is unwavering with around 690 apprentices training this year with a Hastie Group business, equating to nearly 10% of our total staff. CDC Plumbing & Drainage, Hastie's commercial plumbing business in Victoria, has been awarded "Host Employer of the Year" for the year ending September 2010. The award recognises excellence in providing outstanding support and mentorship to plumbing apprentices provided by the labour hire group, 370 Degrees Group (previously known as VicTec).

LOOKING FORWARD

At Hastie Group, we are confident of delivering strong economic performance in FY2011 with a focus on growing all our businesses and maintaining our risk-managed approach to project selection and delivery.

We are committed to global sustainability initiatives including talent management, OH&S and direct procurement of products. We are currently in the process of implementing a comprehensive process to develop and improve technical and leadership performance across the Group. This will include a system of formal reviews conducted bi-annually, with training and development needs identified.

On the OH&S front, we will increase our focus on lead indicators including near miss and first aid injury reporting and continue to work with industry groups to drive safety initiatives. We will also introduce programs to reduce soft tissue injuries.

We are also developing a global procurement strategy which will allow us to not only reduce costs, but also provide us with the data we need to drive improvements, especially in environmental performance.

Yours faithfully

David Harris
GROUP MANAGING DIRECTOR & CEO

HASTIE GROUP VALUES

SAFETY & ENVIRONMENT

We work to ensure our own safety and the safety of others. We apply processes and products that have minimal impact on the environment.

PROFESSIONALISM

We conduct our business with the highest ethical standards and accountability for our actions. We invest in a highly skilled workforce to provide expert service and solutions for our customers.

TEAM WORK

We work together to achieve great outcomes for each other and for all our stakeholders. Every contribution is valued.

QUALITY

We aim to be the best in our market, delivering quality products and services to grow and sustain customer value. We are committed to ongoing improvement and innovation.

CUSTOMER SATISFACTION

We make time to understand our customers' needs. We aim to be flexible, responsive and solution focused.

FAIRNESS & RESPECT

We compete fairly and rigorously in our market, being open and honest with our customers. We recognise the achievements of our employees and value our differences.

RISK MANAGEMENT

Hastie Group's approach to risk management includes:

- Implementation of a bi-annual external risk review
- adoption of a risk management framework and policy
- integration of risk management into business processes

Hastie Group's approach to risk management is more fully described at page 39.

ENVIRONMENT

At Hastie Group, we are committed to reducing the negative environmental impact of our operations and activities. Climate change and global warming concerns continue to underlie increased social awareness of these issues and also focus attention on our carbon footprint and the need for its reduction. Our commitment is evident in energy efficient project designs which continue to evolve in conjunction with carbon footprint reduction methodologies.

The expertise in Hastie's Mechanical, Electrical and Commercial Plumbing businesses and our ability to lead the market in this area is reflected in our continued involvement with buildings that have a National Australian Built Environment Rating System (NABERS) rating of 4.5 stars. In this reporting period, Hastie contributed significantly to the mechanical and electrical design for a number of "6 Star Green Star - Office Design v2 rating" buildings in Australia. Examples include the innovative Ark Building at 40 Mount Street, North Sydney; 1 Bligh Street in the Sydney CBD and 123 Albert St, Brisbane. This rating signifies world leadership in environmentally sustainable design.

Our Services division maintains a large number of buildings employing sustainable technologies, with this area becoming an increasing focus of its business.

Our Commercial and Industrial Refrigeration businesses continue to provide clients with refrigeration systems using natural refrigerants, which provide lower GWP (Global Warming Potential) than commonly used HFC refrigerants. We continue to be a leader in this area and have recently been selected to provide an ammonia based refrigeration plant for a carbon dioxide extraction and liquefaction pilot project in Queensland, Australia. The project will be a showcase of greenhouse gas elimination and clean fuel technologies for the industry.

A number of the Hastie Group's individual businesses are also active members of key industry environmental bodies, such as the Green Building Council of Australia. Employees keep abreast of energy efficiency developments and changes through training and education programs provided by the National Australian Built Environment Rating System (NABERS), Australian Greenhouse Building Rating (AGBR) and National Electrical and Communications Association (NECA).

"LOW ENERGY HIGH RISE" SUSTAINABILITY RESEARCH

Hastie Group is a Gold Sponsor of the Warren Centre Low Energy High Rise project. This project aims to identify practical ways to improve the energy performance of Australia's stock of large commercial buildings by addressing the non-technical barriers to energy efficiency. During stage two of the project, the Group committed 60 hours of employees' time and funding towards developing the initiative into industry ready materials and to test them and the research findings in case study buildings.

NATIONAL STRATEGY ON ENERGY EFFICIENCY

During March 2010, when the Department of Climate Change and Energy Efficiency issued its National Building Energy Standard-Setting, Assessment and Rating Framework it requested public discussion and response. A team of professionals from several Hastie Group businesses collaborated to deliver a response document addressing outcomes, classifications, goals, measurement metrics, climate variations, ratings and modeling protocols and standards.

GLOBAL VIDEO CONFERENCING

To decrease the environmental impact of staff travel and to improve staff and client communication, Hastie has integrated a centralised video conference facility into the Hastie data network. This service now connects all Hastie businesses throughout Australia and New Zealand and extends to our Middle East, United Kingdom and Irish businesses along with our offices in China and India. The average current usage is between 80 to 90 calls per month with an average duration of 40 minutes per call and involves between 2 and 25 people per call.

OH&S

Ensuring a safe working environment is a fundamental value underlying all activities of Hastie Group. This requires strong leadership to maintain individual responsibility and effective communication regarding workplace safety across the Group. The extent of our geographic diversity creates a greater demand for effective interventions to ensure the safety of our people. With this focus in mind, the Group delivered a 33% reduction in Lost Time Injury Frequency Rates through the utilisation of injury management and reduction campaigns.

All management have a component of their short term incentives linked to achieving OH&S outcomes measured against specific targets.

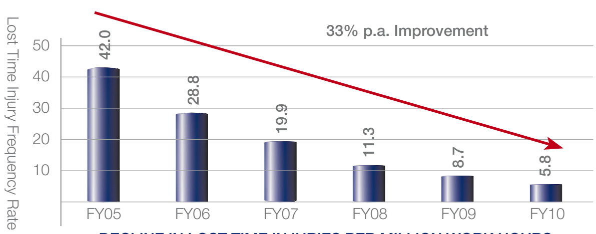
The ongoing improvement of safety performance within our recent acquisitions remains a major focus as newly acquired companies must often develop safety programmes and improve safe working practices to meet our standards.

During FY2010, Hastie Group achieved a Lost Time Injury Frequency Rate (LTIFR) of 5.8, and a Total Recordable Injury Frequency Rate (TRIFR) of 15.8. This is the fifth successive year of decreased injury frequency rates, representing an average LTIFR improvement of 33% per year since listing in 2005.

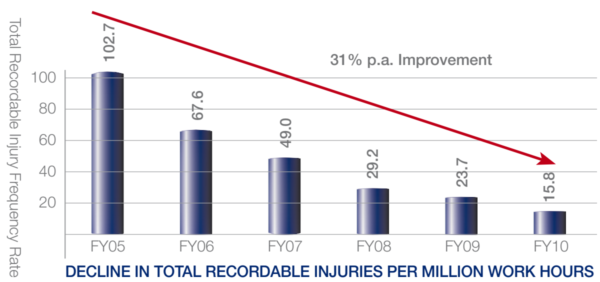
The continuous reduction in our injury frequency rates was facilitated by a number of key initiatives. In-depth root cause analysis of serious injuries, analysis of general injury data, and interventions driven by information on high incident rates for particular types of injuries were fundamental in delivering this year's OH&S results. The Group also partnered with key industry peers to raise awareness and improve eye safety in the workplace.

Other key initiatives include:

- Behavioural based training for supervisors and managers to ensure a greater focus on 'at risk' behaviours
- Hazard identification and risk mitigation training
- Reducing serious laceration hazards
- Improved contractor management through standardised processes and procedures
- Safety time out stoppages to address business-wide concerns for emerging incident trends
- Group-wide review of machine guarding to reduce the exposure of employees to moving machinery
- Removal or restriction of high risk equipment such as large angle grinders
- Nationally accredited competency for operators and passengers of all height access equipment
- Improved reporting of 'near miss' and first aid injuries



DECLINE IN LOST TIME INJURIES PER MILLION WORK HOURS



DECLINE IN TOTAL RECORDABLE INJURIES PER MILLION WORK HOURS

IMAGE KEY

1

1. 10,000 Step Challenge.

As part of the laceration hazard reduction initiative, Hastie Group instigated a joint initiative with the Air Conditioning and Mechanical Contractor's Association of Australia. This resulted in a key fire damper manufacturer altering its production process to remove razor sharp corners from its product.

In this regard, the Managers Actively Targeting Employee Safety (MATES) program is a key safety leadership initiative deployed at all levels of the Group, which requires managers to undertake regular scheduled workplace inspections. Following the LEAD principles of LOOK, ENGAGE, ASK and DISCUSS, each leader actively identifies 'at risk' behaviour, unsafe acts and best practice, and discusses the importance of reporting first aid injuries and near miss events with employees in line operating environments.

In Hastie Group, our OH&S initiatives are underpinned by the increasingly effective use of systems. We are committed to world class benchmarking of our safety systems and have identified the OHSAS 18001 or AS/NZS 4801 Standards for Occupational Health and Safety Management Systems, the ISO 14001 Standard for Environmental Management Systems and the ISO 9001 Standard for Quality Assurance Systems as fundamental building blocks to our OH&S Management systems. Our focus on systems aligns us with the expectations of our customers and clients and further underpins the importance of Hastie Group businesses achieving and retaining third party accreditation to a number of recognised national and international occupational health, safety and environmental management systems.

Our electrical business, Heyday Group, continues to hold Federal Safety Commissioner (FSC) accreditation. It also retains third party accreditation for ISO 9001, ISO 14001 and AS/NZS 4801 after successfully fulfilling the requirements for re-certification during the past year.

From a global perspective, our operations based in United Arab Emirates (UAE) and London based Rotary Southern have successfully attained third party accreditation for three internationally recognised management systems – OHSAS 18001, ISO 14001 and ISO 9001.

Businesses across the Group are further developing their OH&S management systems and working towards third party accreditation or, as an entry level requirement, alignment with AS/NZS 4801 or OHSAS 18001.

UNITED KINGDOM ROSPA AWARDS

The United Kingdom based organisation, The Royal Society for Prevention of Accidents (RoSPA), awarded a number of our Rotary United Kingdom operations with prestigious Occupational Health & Safety management awards. Rotary North West received their third President's Award after 12 consecutive years of successful health & safety management. Rotary Northern, Southern and Yorkshire all received their fifth Gold Medal with nine consecutive years of successful health & safety management. The Rotary Group's longstanding history of recognition through RoSPA Safety Awards is evidence of Hastie Group's ongoing commitment and dedication to achieving a workplace free of injury.

ZAYED UNIVERSITY, ABU DHABI

On the building site of a new campus for Zayed University in Abu Dhabi, Hastie International, as a 50% Joint Venture partner with Al Habtoor Specon LLC, has achieved 2 million man hours without a Lost Time Injury, a significant achievement in this environment.

10,000 STEP CHALLENGE

During the past year, eleven teams from our Australian and New Zealand businesses undertook an employee health initiative called the '10,000 Step Challenge'. Participation was passionate on all fronts as employees gathered to walk together during lunch hours and other convenient times. In all, our people had walked 42,300,500 steps at the conclusion of the challenge.

PEOPLE

Hastie Group currently operates across Australia, New Zealand, the Middle East, the UK, and Ireland and in various project locations around the globe. Decentralisation continues to be a core element of our business strategy, and the broad range of areas of people investment reflect the diverse needs of our people. The capacity and capability of our workforce is a cornerstone of sustainability at Hastie Group, and we aim to be both an employer of choice and a seedbed for talent development in the sector.

In order to achieve these strategic objectives, Hastie Group focuses on:

- Selecting and mentoring apprentices
- Attracting competent and appropriately qualified employees
- Retaining key talent
- Maintaining and supporting employee performance
- Transitioning and developing employees
- Building effective communication networks

As a consequence of the Group's decentralisation, individual businesses tailor their people plans to specific needs, in alignment with the Hastie's overall strategic objectives and values.

Apprenticeship continues to be a vital seedbed initiative. The selection, development and mentoring of apprentices through to Trade level continues to be a recognised Hastie Group contribution to the sector. Our apprentices continue to play a vital role in our business, and several have been recognised for outstanding achievement within their various apprenticeship programmes.

Hastie Group also endeavours to partner with other elements of the educational sector in developing talent for our industry. This was the second year of collaboration between D&E Air Conditioning and RMIT School of Aerospace, Mechanical and Manufacturing Engineering, in which final year students are provided with relevant industry based projects. For Hastie Group, this collaborative effort has served as an effective source of recent graduates.

During FY2010, Hastie Group partnered with Engineers Australia to develop professional engineers. Through the program, both recent engineering graduates and engineers with extensive experience are able to utilise the various pathways established by Engineers Australia to attain professional registration as certified CPEng individuals.

Hastie Group has risen to the challenge presented by the continuing emphasis on protecting the environment. The Group is a member of the Green Building Council of Australia and implemented an initiative to deliver Green Star Accredited Professional (GSAP) training for employees. Employees can attain a professional Green Star Accredited rating and continue their professional development on an annual basis.

Effective communication is a fundamental business focus. Leveraging modern technology, Hastie businesses have improved communication between professionals through the introduction of an online forum which allows employees to share best practice and new ideas, and seek feedback from peers. Employees are able to use 'chat' functionality for real-time discussion, and register technical issues to facilitate shared learnings between teams and offices. The web-based tool has been adopted by over 100 employees and has been widened to include an OH&S forum.

Hastie Group endorses employee rights as contained within the Australian State and Federal legal framework. The Group's strategic objectives are aligned with Australian legislation and, where appropriate, that of the other countries in which we operate.

Hastie Group continues to be compliant with the Australian Equal Opportunity for Women in the Workplace Act (1999).

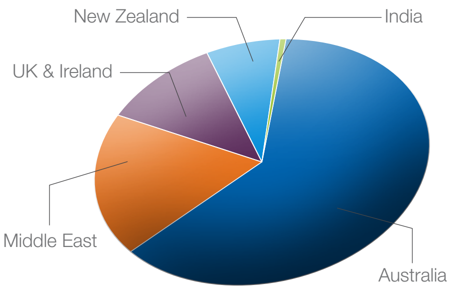
IMAGE KEY

1	2	3	4

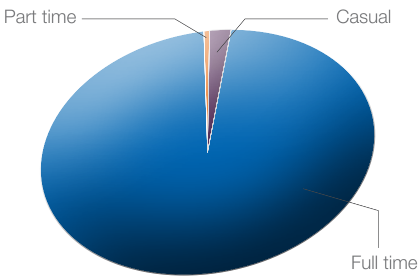
1. Safety glasses and gloves, Occupational Health and Safety. **2.** Chiller plant room, Darling Walk, Darling Harbour, New South Wales, Australia. **3.** Supervisor completing a MATES inspection discussion around risk reduction in the workplace. **4.** Thirteenth Annual Watters Ball.

TOTAL WORKFORCE BY REGION, CATEGORY AND FUNCTION

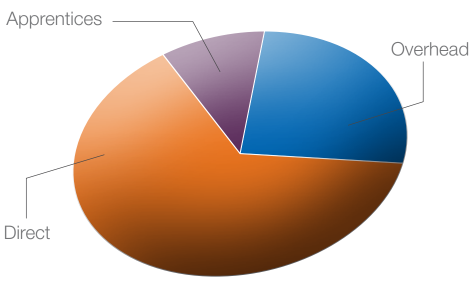
WORKFORCE EMPLOYMENT BY REGION



WORKFORCE EMPLOYMENT BY CATEGORY



WORKFORCE EMPLOYMENT BY FUNCTION



HASTIE PEOPLE IN THE COMMUNITY

SALVATION ARMY CENTRE

Utilising our lighting, power and security expertise, the Heyday Group partnered with a major builder to upgrade a rundown section of the Salvation Army Oasis Centre in Surrey Hills, Sydney. The result was a much needed training facility for homeless youths. During the project, 100 hours of employee time were donated in addition to Heyday Group providing lighting, power and security materials.

"BLACK SATURDAY" BUSHFIRE RECONSTRUCTION

In the 2009 "Black Saturday" fires, the community of Kinglake, Victoria was devastated and the Kinglake Pony Club and Kinglake Riders 1.2ha grounds and buildings were totally destroyed. Working alongside a major builder, CDC Plumbing employees donated their time to reconstruct the clubrooms.

THE WATTERS BALL

This year, the 13th Annual "Watters Ball" raised over $35,000 for the children's Variety charity. Watters' employees, clients and suppliers supported the event through the donation of prizes, purchasing of tickets and participating in auctions and other fundraising activities during the course of the event.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT

Hastie Group's Directors and management are committed to conducting the company's business in an ethical manner and in accordance with standards of good corporate governance.

This statement outlines Hastie Group's main corporate governance practices in place for the year ended 30 June 2010 and remaining in place at the date of this Annual Report. The Group's practices and policies meet the requirements of the Corporations Act 2001 (Cth) (Act) and the ASX Listing Rules and, in the opinion of the Board, comply with the ASX Corporate Governance Principles and Recommendations (ASX Principles) which were revised in August 2007 (2nd Edition).

The following table indicates where the specific ASX Principles are dealt with in this Statement:

ASX principle	Reference in Statement
Principle 1 – Lay solid foundations for management and oversight	Parts 2, 3 and 4
Principle 2 – Structure the board to add value	Parts 1 and 3
Principle 3 – Promote ethical and responsible decision making	Part 5
Principle 4 – Safeguard integrity in financial reporting	Parts 3 and 4
Principle 5 – Make timely and balanced disclosure	Part 5
Principle 6 – Respect the rights of shareholders	Part 5
Principle 7 – Recognise and manage risk	Part 4
Principle 8 – Remunerate fairly and responsibly	Part 3

PART 1 – COMPOSITION OF THE BOARD

Relevant policies and charters	• Constitution • Board Charter • Nomination Committee Charter

COMPOSITION AND MEMBERSHIP

The Board of Directors satisfies the requirement of the Principles that a board have a majority of independent directors and an independent chairman. The qualifications, skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report and their attendance at Board and Committee meetings is included in the Director's Report on page 56 of this Annual Report.

The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience, to the Board.

The Board is comprised of seven Directors, with a majority of the Board being Non-executive Directors:

Mr Trevor Bourne,
INDEPENDENT NON-EXECUTIVE CHAIRMAN OF DIRECTORS

Mr David Harris,
GROUP MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Mr Christopher Woodward,
FINANCE DIRECTOR

Mr Phillip Anderson,
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Harry Boon,
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr John Gaskell,
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr David Martin,
NON-EXECUTIVE DIRECTOR

INDEPENDENCE

The Board regularly assesses whether each Director is independent, having regard to the definition of independence in the ASX Principles. The Board will assess the materiality of any given relationship that may affect independence on a case-by-case basis.

Hastie currently has seven Directors, two of whom are Executive Directors (the Group Managing Director & Chief Executive Officer and, the Finance Director).

Four of the five Non-executive Directors, including the Chairman, are considered to be 'independent'. Having regard to the factors set out in the ASX Principles, the Directors are of the view that David Martin is the only Non-executive Director who is not considered 'independent' by virtue of him holding the positions of executive chairman of both Hastie Holdings and Hastie Australia, from which he resigned on 1 August 2004, and by virtue of him being a consultant to Hastie Group until 30 June 2008.

In order for Directors to bring independent judgement to bear in decision making, Directors have the right to obtain independent professional advice, if necessary, at the Company's expense.

Each Director is required to disclose any interest which might create a potential conflict of interest with their duties as a Director of Hastie Group, or which would affect their independence.

BOARD ELECTION PROCESS

The Nomination Committee is responsible for identifying a short list of suitable candidates, having regard to the desired mix of competencies and experience articulated by the Board, as well as the skills, experience and expertise that will best complement Board effectiveness. The Board then meets with the short listed candidates and finalises an appointment.

New Directors nominated by the Board then stand for election at the next Annual General Meeting in order to be confirmed in office. In accordance with the Hastie Group's constitution, one-third of incumbent directors (other than the Group Managing Director & Chief Executive Officer) are required to seek re-election every year and may not hold office for longer than three years.

APPOINTMENT AND EDUCATION

Each Director has been provided with, and signed, a letter of appointment detailing the terms of their appointment.

Induction and education programs for directors are prepared on an individual basis having regard to the background and experience of each director.

PART 2 – BOARD RESPONSIBILITIES AND OPERATION

Relevant policies and charters	• Board Charter • Committee Charter

DIVISION OF RESPONSIBILITY BETWEEN BOARD AND MANAGEMENT

The Board retains ultimate responsibility for the strategic direction and control of the company. The Board has delegated to the Group Managing Director & Chief Executive Officer and the senior management team authority over the day to day management of the Group and its operations, including responsibility for developing business plans, budgets and strategies for the Board's consideration.

The specific responsibilities of the Board are outlined in the Board Charter.

MEETINGS

The Board meets regularly, and additional meetings are called as required. It is the Board's practice that Non-executive Directors meet throughout the year without the presence of management.

ACCESS TO OTHERS

Directors are entitled to obtain independent professional advice at the expense of the company in accordance with the guidelines established by the Board. All Directors have access to the Company Secretary, as required from time to time.

Directors may request information from management that is necessary to enable the director to discharge his or her responsibilities effectively.

REVIEW OF BOARD, DIRECTOR AND SENIOR MANAGEMENT PERFORMANCE

The Board periodically reviews its performance, and the performance of each of its Committees. A formal structured appraisal system continues to be utilised to assess the performance of individual Board members, the Committees of the Board and the Board as a whole. This system provides individual directors and the Chairman with feedback from fellow directors and senior management. Prior to the nomination of a Director for election or re-election, the Board will review the performance of that Director. If the review is satisfactory, the Board will recommend the Director to shareholders for re-election.

The Board is also responsible for reviewing and monitoring the performance of senior management. Board meetings are held over time at a range of venues from which the major businesses operate. This provides Board members with an opportunity to interact with senior management before, during and after Board meetings. In addition, senior management either regularly attend part Board meetings or present to the Board in respect of aspects of their business. Senior and middle management also participate in a formal appraisal system involving both self and peer appraisal. In the case of senior management, this is carried out under the personal supervision of the Group Managing Director & Chief Executive Officer and provides an appropriate level of feedback.

PART 3 – BOARD COMMITTEES

Relevant policies and charters	• Remuneration Committee Charter • Audit and Risk Management Committee Charter • Nomination Committee Charter

ROLE AND MEMBERSHIP

The Board has established three standing committees to assist with the effective discharge of its duties, being the:

Remuneration Committee;

Audit and Risk Management Committee; and

Nomination Committee.

Each Committee operates under a specific Charter which is approved, and reviewed periodically, by the Board. Details regarding the role and responsibilities of each of the standing Committees are set out in the respective Charters. The Board also delegates specific functions to ad hoc committees on an 'as needs' basis.

All Committees are chaired by and comprise a majority of independent Non-executive Directors. Each Committee has no less than three members.

The members and purpose of each Committee are:

REMUNERATION COMMITTEE

Mr Harry Boon, Chairman (Independent Non-executive Director)

Mr Trevor Bourne, (Independent Non-executive Director)

Mr John Gaskell, (Independent Non-executive Director)

Mr David Martin, (Non-executive Director)

The Committee is responsible for determining and reviewing compensation arrangements for the Directors and for approving parameters within which the review of the compensation arrangements for the senior executive team can be conducted by the Group Managing Director & Chief Executive Officer. The Chairman of the Remuneration Committee appoints an external specialist company to review remuneration of both non-executive directors and the senior executive team annually. The Remuneration Committee's recommendations in respect of non-executive director remuneration are determined by comparison with the market, based on independent external advice with regard to market practice, relativities, and director duties and accountability.

The details of the remuneration paid to Directors and Key Management Personnel is included in the Remuneration Report on page 58 of this Annual Report. The Company does not have any schemes for retirement benefits for Directors other than superannuation.

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr Phil Anderson, Chairman (Independent Non-executive Director)

Mr Harry Boon, (Independent Non-executive Director)

Mr Trevor Bourne, (Independent Non-executive Director)

The Audit and Risk Management Committee plays a key role in assisting the Board of Directors with its responsibilities relating to accounting, developing internal control systems, reporting practices and risk management; and ensuring the independence of the Company Auditor. The Charter for this Committee incorporates policies and procedures to ensure an effective focus from an independent perspective.

The Committee oversees and appraises the conduct of the audits carried out by the Auditors of the Company. Deloitte Touche Tohmatsu is the Company's currently appointed Auditor. Their appointment will be reviewed periodically. Hastie believes in the ongoing assessment of its audit arrangements and complies with any regulatory requirements to rotate its external audit partner.

NOMINATION COMMITTEE

Mr Trevor Bourne, Chairman (Independent Non-executive Director)

Mr Phillip Anderson, (Independent Non-executive Director)

Mr Harry Boon, (Independent Non-executive Director)

Mr David Martin, (Non-executive Director)

The Committee makes recommendations to the Board regarding the appointment of non-executive directors, the Group Managing Director & CEO and other executive directors.

MEETINGS

Details of Board and Committee meetings held during the year and attendance at those meetings appears in the Directors' Report on page 56 of this Annual Report.

PART 4 – RISK MANAGEMENT

Relevant policies and charters	• Board Charter • Audit and Risk Management Committee Charter • Risk Management Framework

OVERVIEW OF THE RISK MANAGEMENT APPROACH

The Hastie Group is committed to the effective management of risk. This commitment is demonstrated through the establishment by the Board of a risk management framework that enables risk to be recognised, assessed, monitored and managed through the implementation of appropriate controls systems. The Audit and Risk Management Committee has oversight responsibility for risk and, in particular, is responsible for evaluating, at least annually, the processes for determining and managing key risk areas and the adequacy of the internal controls in place. The Committee reports to the Board on the status and management of these risks.

To support internal processes, the Group periodically undertakes a formal, externally facilitated, review and update of the Group's risk profile. This review assists in the identification and management of risks within the Group and its operating businesses.

This year the Audit and Risk Management Committee has again reviewed the risk management system to ensure that the risk management framework developed by the Board is firmly embedded in operational reviews and processes. At the operational level risk is recognised, assessed, monitored and managed through a combination of delegations of authority and tender review, business review, and project review. The Hastie Group also adopts a company-wide approach to manage acquisition risk that is identified and filtered by the operational CEOs. The approach includes acquiring companies with a strong market reputation and position and the potential to generate enhanced returns for shareholders. Post acquisition risk is managed through specific integration plans.

RISK REPORTING

The Group Managing Director & Chief Executive Officer and Finance Director have stated in writing to the Board, at the time the financial statements were being considered for approval by the Board, that the financial statements present a true and fair view, in all material respects of the Company's financial condition and operational results, in accordance with relevant accounting standards, and that this assertion is founded on a sound system of financial risk management and internal control in accordance with the policies adopted by the Board.

PART 5 – GOVERNANCE POLICIES

Relevant policies and charters	• Code of Business Conduct • Dealing in Securities Policy • Market Disclosure Policy • Shareholder Communications Policy

The Board has undertaken a comprehensive review of the Group's governance policies throughout the year and made a number of amendments to these documents as part of its review. The various charters and policies are all available on the Hastie Group web site: http://www.hastiegroup.com.au

CODE OF BUSINESS CONDUCT

Hastie Group has adopted a Code of Business Conduct which applies to the Board, management and employees and sets out a clear set of rules, values and guidelines to follow when representing the company. The Code of Conduct contains all information required by the ASX Principles.

DEALING IN SECURITIES POLICY

The Board of Directors has adopted and implemented a Dealing in Securities Policy, which sets out the circumstances in which Directors and senior management as well as other employees may deal in Hastie Group securities.

In accordance with the prohibition in the Act, the Dealing in Securities Policy states that Directors, senior management and employees may not trade in Hastie Group securities, or the securities of other companies with which the Hastie Group may have a close commercial relationship, at any time if they are in possession of 'price sensitive information' that is not generally available to the market (as defined in the Act and the policy). In addition to the general prohibition, the policy prohibits Directors and senior management from trading at specific times during the year and identifies certain 'black-out periods' (leading up to the release of half year and full year results).

Directors, senior management and all other employees are also prohibited from entering into hedging or other arrangements which would have the effect of eliminating, reducing or transferring the risk of any fluctuation in the value of their unvested performance rights or options under the Hastie Performance Rights Plan or shares which remain restricted under the Hastie Deferred Share Plan. Hedging and other arrangements after the performance rights or options have vested or the restrictions on the shares have lifted are permitted with prior notification to the Company Secretary.

No Director may enter into a margin loan or similar funding arrangement under which Hastie Securities are owned, or proposed to be acquired, by the Director or any of their associates for use as collateral where the number of Hastie Securities subject to such arrangement (or any such arrangement previously entered into by the Director) exceeds 2% of the total number of Hastie's shares then on issue, except with the prior consent of the Board of the Hastie Group.

Where a Director subsequently enters into a margin loan or similar funding arrangement, the Director must within 2 business days notify the Company Secretary of the key terms of the arrangement, including the number of Hastie Group shares which are subject to the arrangement, the events or circumstances which would entitle the lender to make a margin call or to unilaterally sell all or any of the Hastie Group shares which are subject to the arrangement and any other material details.

IMAGE KEY

1

1. Exterior view from junction of Miller Street & Pacific Highway, Ark Tower (6 Star Green Building), North Sydney, New South Wales, Australia

MARKET DISCLOSURE POLICY

Hastie Group is committed to the highest standards of market disclosure and, to that end, has adopted a Market Disclosure Policy designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level. The policy provides an outline of Hastie's approach to ensuring compliance with its continuous and periodic disclosure obligations.

SHAREHOLDER COMMUNICATIONS POLICY

Hastie Group has adopted a Shareholder Communications Policy for the purpose of providing shareholders with transparent, accessible and timely communications on company activities, strategy and performance. The website provides a broad range of information about the Group and is updated regularly.

The Board of Directors encourages full participation by shareholders at its Annual General Meeting (AGM) to ensure accountability and transparency. The external auditor attends the AGM to answer shareholder questions about the conduct of the audit and preparation of the auditor's report.

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Aspect: Anti-Competitive Behavior		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Nil
Aspect: Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Nil


Trevor Bourne


David Harris


Phillip Anderson


Harry Boon


John Gaskell


David Martin


Chris Woodward

BOARD AND SENIOR MANAGEMENT

DIRECTORS

Trevor Bourne B.SC. (MECH ENG), MBA, MAICD
CHAIRMAN, NON-EXECUTIVE, INDEPENDENT

Trevor was appointed chairman of Hastie Holdings Pty Ltd ("Hastie Holdings") in November 2004, and subsequently Hastie Group Limited upon its incorporation on 4 February 2005, following a long career with some of Australia's foremost industrial companies.

From 1999 to 2003, Trevor served as the CEO of Tenix Industries. Prior to this, he spent 15 years at Brambles Industries, including 6 years as CEO of Brambles Australia and held a number of other directorships on various Brambles subsidiaries and joint ventures.

Trevor is chair of Hastie Group's Nomination Committee and is a member of the Audit and Risk Management and Remuneration Committees.

Other Listed Company Directorships in the previous 3 years:

Origin Energy Limited	February 2000 to present
Caltex Australia Limited	March 2006 to present
Coates Hire Limited	February 2004 to 9 January 2008
Lighting Corporation Limited	February 2004 to 18 January 2008

David Harris B.SC. (CHEM ENG), MBA, MAICD
GROUP MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER, EXECUTIVE

David was appointed Group Managing Director and Chief Executive Officer in June 2007. David is also Chairman of the Hastie European Advisory Board and the Hastie Middle East and International Markets Management Board. David brings with him over 20 years experience in senior leadership roles with large multinational organisations, successfully growing these across the UK, Asia Pacific and the US.

David was previously chief executive of United Group's Services Division. Prior to this he held several senior management roles with Inchcape plc both in the UK and in Asia and Millicom International Cellular in Asia and earlier was a consultant in McKinsey's London industrial practice for six years. He has both operational and strategy development skills and has had extensive experience in managing decentralised organisations across multiple geographies. He has also been involved in acquiring and integrating companies in Australia and overseas.

Phillip Anderson CPA, FCIS, MAICD
DIRECTOR, NON-EXECUTIVE, INDEPENDENT

Phillip was appointed a director of Hastie Holdings in December 2004, and subsequently Hastie Group Limited upon its incorporation on 4 February 2005, following a long career with a range of large Australian industrial and property companies.

Phillip was a senior executive with the Lend Lease Group until 2004 and held roles such as finance director of Civil and Civic Pty Ltd and Lend Lease Property Group, and CEO of Lend Lease Development Pty Ltd. Prior to Lend Lease, Phillip spent 15 years with Hooker Corporation in varying roles including deputy CEO for LJ Hooker Ltd and Hooker Housing Group.

Phillip is chair of Hastie Group's Audit and Risk Management Committee and is a member of the Nomination Committee.

Other Company Directorships in the previous 3 years:

Aevum Limited	May 2007 to present
Sakkara Holdings Pty Limited	May 2006 to present (currently Chairman)
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Espreon Limited	July 2004 to November 2009
NSW Growth Centres Commission	July 2005 to February 2008

Mr Harry Boon LLB (HONS), B.COM.
DIRECTOR, NON-EXECUTIVE, INDEPENDENT

Harry was appointed a director of Hastie Holdings in December 2004, and subsequently Hastie Group Limited upon its incorporation on 4 February 2005, and brings to the role his experience as a senior executive in one of Australia's leading listed companies.

Harry's executive career culminated with the position of CEO of Ansell Limited from April 2002 to June 2004, having previously been president, chief executive officer and managing director of Ansell Healthcare since February 1989.

Harry is chair of Hastie Group's Remuneration Committee and is also a member of the Audit and Risk Management and Nomination Committees.

Other Listed Company Directorships in the previous 3 years:

Tatts Group Limited	May 2005 to present (currently Chairman)
Toll Holdings Limited	November 2006 to present
PaperlinX Limited	May 2008 to present
Gale Pacific Limited	August 2005 to November 2009

John Gaskell B.SC. (HONS) (ELEC ENG), C ENG. FIET
DIRECTOR, NON-EXECUTIVE, INDEPENDENT

John was appointed to the Board of Hastie Group Limited in August 2008. He was formerly Chief Executive Officer of ABB Australia Pty Ltd, responsible for ABB's operations in Australia and New Zealand. He has had a long career in Managing Director roles with ABB and its predecessor companies, with Rolls-Royce and with Kennedy and Donkin across Europe, the Middle East, North America and Asia. John is a Member of the Business Council of Australia's working group on business reform and is a governor of the Warren Centre for Advanced Engineering at Sydney University. He is a NSW Councillor of the Australian Industry Group and he is also a member of the Great Barrier Reef Foundation's Chairman's panel. John is a member of the company's Remuneration Committee.

Other Company Directorships in the previous 3 years:

ABB Australia Pty Ltd	February 2002 to May 2010
ABB Group Holdings Limited	February 2002 to May 2010
ABB Group Investment Management Limited	February 2002 to May 2010

David Martin
DIRECTOR, NON-EXECUTIVE

David started his career in the air conditioning industry in 1957 with Bernard Hastie & Co Ltd in the UK, progressing to London manager before arriving in Australia to found Hastie Australia Pty Limited ("Hastie Australia") in 1970.

David was formerly the executive chairman of Hastie Holdings, the executive chairman of Hastie Australia and a non-executive director of various other Hastie Group companies.

David resigned from all executive positions held with Hastie Group on 1 August 2004 and was appointed a non-executive director of Hastie Group Limited upon its

IMAGE KEY

1	2	3	4

1. Medical Consulting Suite Reception, Medica Centre, Hurstville, New South Wales, Australia. **2.** Manufacture of large pressure vessels for the refrigeration industry, Gordon Brothers Bendigo Factory, Victoria, Australia. **3.** Completed External view with under lights, AAMI Park Stadium, Melbourne, Victoria, Australia. **4.** AF2 and Convention Centre, Zayed University, Abu Dhabi, UAE.

incorporation on 4February 2005. David has provided consultancy services to Hastie Group, assisting Hastie Group's senior management with general mentoring and industry advice. This consultancy arrangement terminated on 30 June 2008.

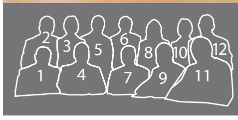
David is a member of the Remuneration and Nomination Committees.

Chris Woodward MBA (ASTON), FCIMA, MAICD
FINANCE DIRECTOR

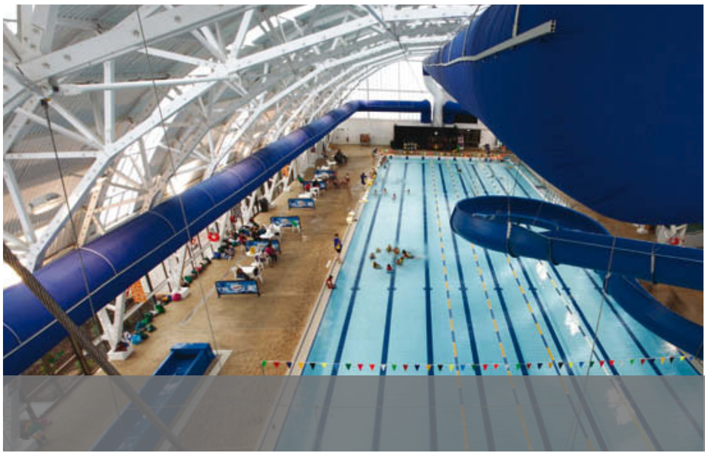
Chris joined Hastie Group in May 2004 in the role of chief financial officer following a long career in management and finance roles with ALSTOM, one of the world's largest operators in the transport, power and marine sectors.

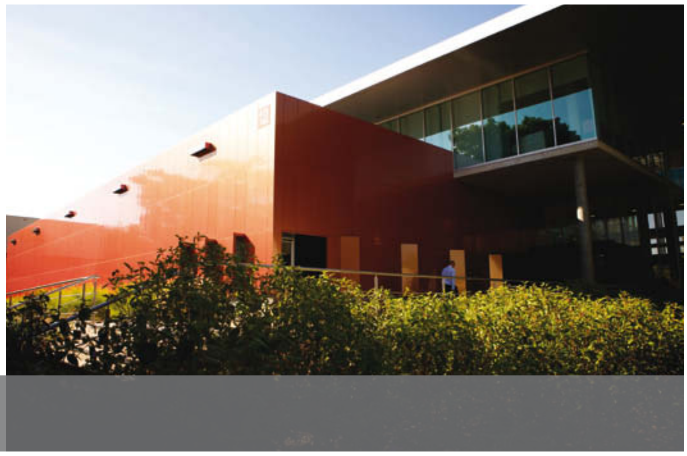
Over his 23 years with ALSTOM, Chris served in a number of general management and senior finance roles in Europe, Asia, and, most recently, Australia. His previous role was country finance director, ALSTOM Australia and New Zealand.

He is also responsible for Hastie Group IT. Chris was appointed to the Board of Hastie Group Limited as finance director in June 2007. He is also a member of the European Advisory Board.



SENIOR MANAGEMENT: **1.** Phill Laidlaw **2.** Jerry Collins **3.** Renee Jacob **4.** Chris Woodward **5.** Joe Farrugia **6.** Ian McGregor **7.** David Harris **8.** Anne Griegg **9.** Robert Galvin **10.** Catharine Payze **11.** David Hammond **12.** Wayne Anderson





SENIOR MANAGEMENT

David Harris B.SC. (CHEM ENG), MBA, MAICD
GROUP MANAGING DIRECTOR & CEO

(See details page 43)

Chris Woodward MBA (ASTON), FCIMA, MAICD
GROUP FINANCE DIRECTOR

(See details page 45)

Robert Galvin B.BUS, ASA
CEO, MECHANICAL AND HYDRAULICS DIVISION

Bob was appointed CEO of the Air Conditioning Division in March 2004.

Bob joined Hastie Group subsidiary, Optimus, as financial controller in 1989, became general manager in 1991 and progressively took on additional responsibilities, subsequently becoming responsible for all air conditioning (mechanical) activities in 2004. In January 2006, the growth of that division resulted in its split into two, and he retained responsibility for the air conditioning installation division. Bob subsequently assumed responsibility for the group's expansion into the Middle East and into hydraulics in Australia. In light of this expansion, the Installation Division is now referred to as the Mechanical and Hydraulics Division.

Bob is a past National President of the Air Conditioning Mechanical Contractors Association Australia.

Phill Laidlaw
CEO, ROTARY UK DIVISION

Phill was appointed CEO of the United Kingdom of Great Britain and Northern Ireland Division in December 2008.

Phill joined Rotary as General Manager of Rotary North West in 1997 and was promoted to Regional Director in 1998. With his promotion to Regional Director came the responsibility for two additional businesses within the Rotary Group. He was appointed to Regional Managing Director in 2000. In 2006, Rotary was restructured in terms of operating divisions and Phill was appointed Managing Director for England which incorporated Rotary Southern into his area of operations.

Prior to joining Rotary, Phill worked for Haden Young for twelve years achieving the position of Contracts Manager, and prior to that he was with the Brightside Group for sixteen years. With forty years experience in the Building Services Industry, Phill has all the contracting and business strategy skills necessary to manage our business in the UK construction sector. Phill is a member of the Hastie European Advisory Board.

David Hammond
CEO, ELECTRICAL DIVISION

David Hammond entered the electrical contracting industry as an apprentice in 1979. After progressing through to management roles in related industry and public companies he joined the Heyday Group in March 1994.

David has since held the roles of NSW contracts manager, NSW state manager, and general manager before becoming CEO and managing director in September 2004. Heyday Group was acquired by Hastie Group in September 2006. David was also appointed CEO of Hastie's Electrical Division in September 2006 which expanded with the acquisition of Watters Electrical (Aust) in December 2007. From 1 July 2010, David has assumed responsibility for the mechanical, electrical and commercial plumbing businesses in Australasia.

David is a council member of the Electrical & Information Engineering Foundation (EIEF) Sydney University, Chairman of the major contractors group of the National Electrical and Communications Association (NECA-NSW) and Director of the not for profit ElectroGroup Skills and Group Training company all of which are honorary positions.

IMAGE KEY

1	2	3	4

1. Main pool ventilation, Elizabeth Aquadome, Elizabeth South, South Australia, Australia. **2.** Administration Building, Charles Darwin University, Casuarina, Northern Territory, Australia. **3.** Assembly of ammonia based water chillers for the food industry, Gordon Brothers Bendigo Factory, Victoria, Australia. **4.** Under Construction Operating Theatre, Medica Centre, Hurstville, New South Wales, Australia.


Joe Farrugia ASSOC DIP ELECT ENG, MBA
CEO, SERVICES DIVISION

Joe joined Hastie Group in January 2008 as CEO of the Services Division. Prior to joining Hastie Group, Joe was Managing Director of Chubb Fire Safety Australia. He achieved year on year profitable recurring revenue growth and oversaw its acquisitive growth.

Joe has also held general management positions in both global service and manufacturing through Hawker De Havilland Boeing and Atlas Copco over a 12 year career which took him on general management assignment to the US.

Jerry Collins BSC (HONS) (SURV), DIP CON ECON, MCIOB.
CEO, ROTARY INTERNATIONAL/REPUBLIC OF IRELAND (ROI) DIVISION

Jerry was appointed CEO of Rotary International/Republic of Ireland Division in December 2008.

Having joined Hastie as part of the Rotary acquisition in 2008, Jerry had previously been a Rotary Group Board Director, and Managing Director and General Manager of the Republic of Ireland subsidiary since 1994. In the past 15 years Jerry has managed the company in Ireland through significant growth and development. Prior to joining Rotary in 1994, Jerry served as Commercial Manager in Dublin for an international contractor, The Kentz Group, and has also held management roles in other leading Irish contractor organisations.

Jerry is a member of the Irish Construction Industry Liaison Committee and also a member of the executive of the Mechanical and Electrical Contractors Association in Ireland. In total Jerry has over 28 years experience in senior and middle management roles exclusively in the Business Services industry. Jerry is a member of the Hastie European Advisory Board.

Ian McGregor ASSOC CIBSE UK, MEMBER AMERICAN SOCIETY OF HEATING, REFRIGERATION AND AIR CONDITIONING ENGINEERS.
CEO MIDDLE EAST DIVISION

Ian McGregor has 40 years experience in the engineering and management of Mechanical, Electrical and Plumbing Projects with 22 years experience in the management of Mechanical, Electrical and Plumbing contracting companies in the Middle East including Egypt, United Arab Emirates, Sultanate of Oman and the State of Qatar.

Ian was educated and undertook his formative skills development in the UK with one of the principal Building Services Engineers and Contractors, prior to transferring to its overseas division to manage a major project in Cairo, Egypt, and subsequently moving to the United Arab Emirates to establish a branch office of the same company. Prior to joining Hastie, Ian held a number of senior appointments with major building services organizations including Crown House Engineering (UAE Manager), Kentz UK (Director) and Drake & Scull UAE (General Manager).

Wayne Anderson
CEO COMMERCIAL REFRIGERATION

Wayne joined the Hastie Group subsidiary in February 2002 as General Manager manufacturing following 12 years in various management roles in Southcorp. Wayne was appointed the CEO of Hastie's Commercial Refrigeration business in April 2009.

Over his 12 years with Southcorp, Wayne served in a number of management and engineering roles in Australia and China, primarily in manufacturing, business improvement and business development. Wayne's previous role before coming to Hastie was that of Business Development Manager with Rheem Australia, which he took up after returning from China where he had been the company's General Manager of their water heating business for 3 years. He also held various engineering related positions within the vehicle industry over a 13 year period.

Catharine Payze MA (COUNS PSY)
GROUP MANAGER, PEOPLE & CULTURE

Catharine joined the Hastie Group in January 2010 as Group Manager, People & Culture.

Catharine entered the human resources arena as a change management specialist in 2005, prior to taking on a senior human resources management position with Murray & Roberts in 2006.

Having worked in the engineering and construction industry, Catharine has extensive experience in managing strategic people issues such as talent engagement, training, development and retention, change management and leadership development in this sector.

Renee Jacob B.ECON, M.COM, CPA
GROUP MANAGER, DEVELOPMENT

Renee Jacob joined Hastie Group as Group Manager, Development in November 2007.

Renee oversees Hastie's strategic development process, M&A and Investor Relations activities and has been in the engineering and construction industry for over 7 years.

Prior to working in the engineering and construction industry, Renee held roles in the telecommunications and financial services with accounting and strategy specialisation.

Anne Griegg LLB (HONS), ACIS, B.ECON.
GENERAL COUNSEL & COMPANY SECRETARY

Anne joined Hastie Group in February 2007 as General Counsel & Company Secretary.

Anne has substantial experience as a corporate lawyer having worked over 20 years at companies including Transurban Limited, Bluescope Steel Limited, Coles Myer Limited and a number of law firms.

Anne also brings corporate secretarial and governance skills to Hastie Group.

IMAGE KEY

1	2	3

1. External view from Dora Street, Medica Centre, Hurstville, New South Wales, Australia. **2.** Pay TV/ Matv Infrastrucure, The Hyde, Sydney, New South Wales, Australia. **3.** Essential services mechanical switchboard, Royal North Shore Hospital Stage III, St Leonards, New South Wales, Australia.

Hastie Group

2010 FINANCIAL REPORT

CONTENTS

DIRECTORS' REPORT

The Board of Directors encourages full participation by shareholders at its AGM to ensure accountability and transparency. The external auditor attends the AGM to answer shareholder questions about the auditor's report.

The Directors of Hastie Group Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001 (Cth), the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

DIRECTORS

Trevor Bourne B.Sc. (Mech Eng), MBA, MAICD
CHAIRMAN, NON-EXECUTIVE, INDEPENDENT

Trevor was appointed chairman of Hastie Holdings Pty Ltd ("Hastie Holdings") in November 2004, and subsequently Hastie Group Limited upon its incorporation on 4 February 2005, following a long career with some of Australia's foremost industrial companies.

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GROUP MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, EXECUTIVE

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DIRECTORS (CONTINUED)

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Harry's executive career culminated with the position of CEO of Ansell Limited from April 2002 to June 2004, having previously been president, chief executive officer and managing director of Ansell Healthcare since February 1989.

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Toll Holdings Limited	November 2006 to present
PaperlinX Limited	May 2008 to present
Gale Pacific Limited	August 2005 to November 2009

DIRECTORS (CONTINUED)

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David started his career in the air conditioning industry in 1957 with Bernard Hastie & Co Ltd in the UK, progressing to London manager before arriving in Australia to found Hastie Australia Pty Limited ("Hastie Australia") in 1970.

David was formerly the executive chairman of Hastie Holdings, the executive chairman of Hastie Australia and a non-executive director of various other Hastie Group companies.

David resigned from all executive positions held with Hastie Group on 1 August 2004 and was appointed a non-executive director of Hastie Group Limited upon its incorporation on 4February 2005. David has provided consultancy services to Hastie Group, assisting Hastie Group's senior management with general mentoring and industry advice. This consultancy arrangement terminated on 30 June 2008.

David is a member of the Remuneration and Nomination Committees.

Chris Woodward MBA (Aston), FCIMA, MAICD
FINANCE DIRECTOR

Chris joined Hastie Group in May 2004 in the role of chief financial officer following a long career in management and finance roles with ALSTOM, one of the world's largest operators in the transport, power and marine sectors.

Over his 23 years with ALSTOM, Chris served in a number of general management and senior finance roles in Europe, Asia, and, most recently, Australia. His previous role was country finance director, ALSTOM Australia and New Zealand.

He is also responsible for Hastie Group IT. Chris was appointed to the Board of Hastie Group Limited as finance director in June 2007. He is also a member of the European Advisory Board.

SENIOR MANAGEMENT TEAM

David Harris B.Sc. (Chem Eng), MBA, MAICD
GROUP MANAGING DIRECTOR & CEO

(See details previous page)

Chris Woodward MBA (Aston), FCIMA, MAICD
FINANCE DIRECTOR

(See details previous page)

Robert Galvin B.Bus, ASA
CEO, MECHANICAL AND HYDRAULICS DIVISION

Bob was appointed CEO of the Air Conditioning Division in March 2004.

Bob joined Hastie Group subsidiary, Optimus, as financial controller in 1989, became general manager in 1991 and progressively took on additional responsibilities, subsequently becoming responsible for all air conditioning (mechanical) activities in 2004. In January 2006, the growth of that division resulted in its split into two, and he retained responsibility for the air conditioning installation division. Bob subsequently assumed responsibility for the group's expansion into the Middle East and into hydraulics in Australia. In light of this expansion, the Installation Division is now referred to as the Mechanical and Hydraulics Division.

Bob is a past National President of the Air Conditioning Mechanical Contractors Association Australia.

Phill Laidlaw
CEO, ROTARY UK DIVISION

Phill was appointed CEO of the United Kingdom of Great Britain and Northern Ireland Division in December 2008.

Phill joined Rotary as General Manager of Rotary North West in 1997 and was promoted to Regional Director in 1998. With his promotion to Regional Director came the responsibility for two additional businesses within the Rotary Group. He was appointed to Regional Managing Director in 2000. In 2006, Rotary was restructured in terms of operating divisions and Phill was appointed Managing Director for England which incorporated Rotary Southern into his area of operations.

Prior to joining Rotary, Phill worked for Haden Young for twelve years achieving the position of Contracts Manager, and prior to that he was with the Brightside Group for sixteen years. With forty years experience in the Building Services Industry, Phill has all the contracting and business strategy skills necessary to manage our business in the UK construction sector. Phill is a member of the Hastie European Advisory Board.

SENIOR MANAGEMENT TEAM (CONTINUED)

David Hammond
CEO, ELECTRICAL DIVISION

David Hammond entered the electrical contracting industry as an apprentice in 1979. After progressing through to management roles in related industry and public companies he joined the Heyday Group in March 1994.

David has since held the roles of NSW contracts manager, NSW state manager, and general manager before becoming CEO and managing director in September 2004. Heyday Group was acquired by Hastie Group in September 2006. David was also appointed CEO of Hastie's Electrical Division in September 2006 which expanded with the acquisition of Watters Electrical (Aust) in December 2007. From 1 July 2010, David has assumed responsibility for the mechanical, electrical and commercial plumbing businesses in Australasia.

David is a council member of the Electrical & Information Engineering Foundation (EIEF) Sydney University, Chairman of the major contractors group of the National Electrical and Communications Association (NECA-NSW) and Director of the not for profit ElectroGroup Skills and Group Training company all of which are honorary positions.

Joe Farrugia Assoc Dip Elect Eng, MBA
CEO, SERVICES DIVISION

Joe joined Hastie Group in January 2008 as CEO of the Services Division. Prior to joining Hastie Group, Joe was Managing Director of Chubb Fire Safety Australia. He achieved year on year profitable recurring revenue growth and oversaw its acquisitive growth. Joe has also held general management positions in both global service and manufacturing through Hawker De Havilland Boeing and Atlas Copco over a 12 year career which took him on general management assignment to the US.

Jerry Collins BSc (Hons) (Surv), Dip Con Econ, MCIOB.
CEO, ROTARY INTERNATIONAL/REPUBLIC OF IRELAND (ROI) DIVISION

Jerry was appointed CEO of Rotary International/Republic of Ireland Division in December 2008.

Having joined Hastie as part of the Rotary acquisition in 2008, Jerry had previously been a Rotary Group Board Director, and Managing Director and General Manager of the Republic of Ireland subsidiary since 1994. In the past 15 years Jerry has managed the company in Ireland through significant growth and development. Prior to joining Rotary in 1994, Jerry served as Commercial Manager in Dublin for an international contractor, The Kentz Group, and has also held management roles in other leading Irish contractor organisations. Jerry is a member of the Irish Construction Industry Liaison Committee and also a member of the executive of the Mechanical and Electrical Contractors Association in Ireland. In total Jerry has over 28 years experience in senior and middle management roles exclusively in the Business Services industry. Jerry is a member of the Hastie European Advisory Board.

Catharine Payze MA (Couns Psy)
GROUP MANAGER, PEOPLE & CULTURE

Catharine joined the Hastie Group in January 2010 as Group Manager, People & Culture.

Catharine entered the human resources arena as a change management specialist in 2005, prior to taking on a senior human resources management position with Murray & Roberts in 2006.

Having worked in the engineering and construction industry, Catharine has extensive experience in managing strategic people issues such as talent engagement, training, development and retention, change management and leadership development in this sector.

SENIOR MANAGEMENT TEAM (CONTINUED)

Anne Griegg LLB (Hons), ACIS, B.Econ.
GENERAL COUNSEL & COMPANY SECRETARY

Anne joined Hastie Group in February 2007 as General Counsel & Company Secretary.

Anne has substantial experience as a corporate lawyer having worked over 20 years at companies including Transurban Limited, Bluescope Steel Limited, Coles Myer Limited and a number of law firms.

Anne also brings corporate secretarial and governance skills to Hastie Group.

PRINCIPAL ACTIVITIES

The consolidated entity's principal activities in the course of the financial period were the design, installation and maintenance of technical services to the building and infrastructure sectors - mechanical, electrical, hydraulics and refrigeration. The Group has well established operations in Australasia, UK and Ireland, and The Middle East.

REVIEW OF OPERATIONS

For a comprehensive review of the company's operational performance, refer to the Chairman and Group Managing Director and CEO's report which is summarised in the company's annual report.

CHANGES IN STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

FUTURE DEVELOPMENTS

As permitted by the Corporations Act 2001 (Cth), information which may be unreasonably prejudicial, regarding likely future developments in and the expected results of the operations of the Group or its strategies and prospects has been omitted.

ENVIRONMENTAL REGULATIONS

There were no known breaches of environmental laws, regulations or permits during the period. The consolidated entity is subject to a range of environmental regulations in respect of the manufacturing, installation and services activities.

DIVIDENDS

In respect of the financial year ended 30 June 2009, a final dividend of 5 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on the record date of 3 September 2009 paid on 19 October 2009.

In respect of the financial year ended 30 June 2010, an interim dividend of 5 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on the record date of 9 March 2010 paid on 16 April 2010.

In respect of the financial year ended 30 June 2010, the company has declared a final dividend of 4.0 cents per share franked to 100% at 30% corporate income tax rate. It is expected to be paid on 18 October 2010 to the holders of fully paid ordinary shares on the record date of 3 September 2010.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial period, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001(Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of Committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or Committee member). During the financial year, 10 Board meetings, 4 Remuneration Committee meetings, 2 Audit and Risk Management Committee meetings and 1 Nomination Committee meeting were held.

	BOARD OF DIRECTORS		REMUNERATION COMMITTEE		AUDIT AND RISK MANAGEMENT COMMITTEE		NOMINATION COMMITTEE	
DIRECTORS	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Trevor Bourne	10	10	4	4	2	2	1	1
Mr David Harris	10	10	–	–	–	–	–	–
Mr David Martin	10	10	4	4	–	–	1	1
Mr Harry Boon	10	10	4	4	2	2	1	1
Mr Phillip Anderson	10	10	–	–	2	2	1	1
Mr John Gaskell	10	10	4	4	–	–	–	–
Mr Chris Woodward	10	10	–	–	–	–	–	–

DIRECTORS' SHAREHOLDINGS

The following table sets out each director's relevant interest in shares and performance rights of the company, as at the date of this report.

DIRECTORS	SHARES	PERFORMANCE RIGHTS
Mr Trevor Bourne	302,639	–
Mr David Harris	307,963	559,554
Mr David Martin	4,542,420	–
Mr Harry Boon	163,916	–
Mr Phillip Anderson	20,284	–
Mr John Gaskell	20,654	–
Mr Chris Woodward	927,999	229,075

NON-AUDIT SERVICES

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001 (Cth).*

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 35 to the financial statements.

The directors are of the opinion that the services as disclosed in note 35 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 72 of the financial report.

ROUNDING OFF OF AMOUNTS

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

AUDITED REMUNERATION REPORT

INTRODUCTION

The directors of Hastie Group Limited present the Remuneration Report prepared in accordance with section 300A of the Corporations Act 2001 for Hastie Group Limited and the consolidated entity for the financial year ended 30 June 2010.

The Remuneration Report forms part of the Directors' Report.

REMUNERATION POLICY – NON-EXECUTIVE DIRECTORS

The remuneration policy of the company is to attract and retain competent and suitably qualified non-executive directors. Non-executive director remuneration is set by the company's Board based on recommendations made by the Remuneration Committee. The Remuneration Committee's recommendations are determined by comparison with the market, based on independent external advice with regard to market practice, relativities, and director duties and accountability. Details of non-executive director remuneration for the year ended 30 June 2010 can be found on page 68. All non-executive directors held their position for the full financial year.

FEE POOL

Non-executive directors' fees are determined within an annual aggregate directors' fee pool limit, which is periodically approved by shareholders. At the date of this report the pool limit was set at $ 700,000. During the year ended 30 June 2010, $576,000 of the fee pool (82%) was utilised.

FEES

Non-executive directors receive a fixed fee which is not linked to the performance of the company so as to maintain independence and impartiality.

For the financial year ended 30 June 2010, non-executive directors' fees comprised:

- a base fee of $80,000 per annum for non-executive directors (other than the Chairman)
- an all inclusive fee of $200,000 per annum for the Chairman which includes his attendance at all Committee meetings
- a chair fee of $16,000 per annum payable to the chairs of the Audit and Risk Management Committee and the Remuneration Committee
- a member fee of $8,000 per annum payable to the members of those Committees (other than the Board Chairman)

No other fees were paid to non-executive directors.

The Remuneration Committee and in turn the Board have recently considered and determined non-executive director remuneration for the financial year ending 30 June 2011. This was done on the basis that the Company's goal was to set non-executive director remuneration at between the 50th and 60th percentile of companies with comparable market capitalisation. Historical data was sourced from Godfrey Remuneration Group/Spencer Stuart Board Remuneration Report and publicly available from two other similar organisations. On this basis, noting that non-executive directors have no entitlement to bonuses or other incentives and accounting for the impact of the time lag in the historical data reported, as well as the fee freeze in the previous year, the Board concluded that Chairman and Committee Chair fees should be increased in line with market and that no change was warranted to Committee member fees.

FEES (CONTINUED)

Non-executive directors' fees for the financial year ending 30 June 2011 are set out below:

- a base fee of $90,000 per annum for non-executive directors (other than the Chairman)
- an all inclusive fee of $220,000 per annum for the Chairman which includes his attendance at all Committee meetings
- a chair fee of $20,000 per annum payable to the chairs of the Audit and Risk Management Committee and the Remuneration Committee
- a member fee of $8,000 per annum payable to the members of those Committees (other than the Board Chairman)

EQUITY PARTICIPATION

Non-executive directors have no entitlement to options or performance rights. No options or performance rights were issued to non-executive directors during the financial year ended 30 June 2010 and none are held by any non-executive director at the date of this report.

Directors are encouraged to purchase shares, either on-market or through the Deferred Share Plan. Under the terms of the Deferred Share Plan, non-executive director fees may be sacrificed for shares purchased or issued at market price. For the financial year ended 30 June 2010, there was no minimum share purchase requirement for non-executive directors.

RETIRING ALLOWANCE

No retiring allowances are paid to non-executive directors.

SUPERANNUATION

Where required, the company has complied with the obligation to pay the minimum superannuation guarantee support for directors in respect of director fees. Messrs Martin and Anderson invoice the company for services provided and as such no superannuation payment is required to be made to these directors. Messrs Bourne, Boon and Gaskell receive superannuation payments from the company. Where the company pays superannuation guarantee support, it is included in the fees above, and is not an additional payment.

BOARD PERFORMANCE

Board performance was evaluated based on input from individual Board members and the executive management team in an open and constructive manner in July 2010. At the same time, a review of the performance of individual directors who were standing for re-election at the Annual General Meeting was undertaken. Board performance will continue to be reviewed on a regular basis.

COMPANY PERFORMANCE

Relationship between the remuneration policy and company performance

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2010:

	30 JUNE 2006 $'000	30 JUNE 2007 $'000	30 JUNE 2008 $'000	30 JUNE 2009 $'000	30 JUNE 2010 $'000
Revenue	479,393	778,633	1,270,672	1,781,049	1,651,081
Net profit before tax	24,094	31,431	47,086	68,888	51,909
Net profit after tax	19,073	22,531	38,388	58,698	40,578

	30 JUNE 2006	30 JUNE 2007	30 JUNE 2008	30 JUNE 2009	30 JUNE 2010
Share price at start of year $ per share	1.68	1.45	3.41	2.78	1.27
Share price at end of year $ per share	1.45	3.41	2.78	1.27	1.38
Interim dividend cents per share[1]	5.3	5.5	7.0	7.0	5.0
Final dividend cents per share[1, 2]	5.3	6.0	9.0	5.0	4.0
Basic earnings per share	12.5	18.3	27.3	32.4	16.9
Diluted earnings per share	12.3	17.7	26.7	31.9	16.6

1 Franked to 100% at 30% corporate income tax rate.

2 Declared in respect of the period but after the balance date so reflected as a payment in the financial statements of the following year.

REMUNERATION POLICY – SENIOR EXECUTIVES

Throughout this Remuneration Report, Senior Executives refers to:

- the 5 most highly remunerated company/Group executives (excluding executive directors); and
- all other executives (including executive directors but excluding non-executive directors) who fall within the definition of Key Management Personnel of the Group (being those persons with authority and responsibility for planning, directing and controlling the activities of the Group).

The remuneration policy of the company is designed to attract, retain, develop and motivate appropriately qualified and experienced Senior Executives. It is also set to reward Senior Executives for increasing shareholder value and for achieving financial targets and business strategies. Hastie Group's remuneration policy is reviewed on a regular basis using independent external remuneration consultants, and is set by the Board upon recommendations from the Remuneration Committee.

REMUNERATION POLICY – SENIOR EXECUTIVES (CONTINUED)

The remuneration policy is intended to be consistent with Principle 8 in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (2nd Edition) which requires that the company remunerate fairly and responsibly. Broadly, the policy is intended to ensure, for each role, that:

- the balance between fixed and at risk or performance related components (comprising both short and long term incentives) is appropriate having regard to all relevant factors
- individual objectives set will lead to beneficial outcomes for both Hastie Group and the individual
- all performance based remuneration components are appropriately linked to measurable personal, business unit or Hastie Group performances
- total compensation (that is the sum of fixed and at risk components) for each executive is fair, reasonable and market competitive

The relationship between Hastie Group's remuneration policy and the company's performance is set out below.

COMPONENTS OF SENIOR EXECUTIVE REMUNERATION

Generally, the three components of Senior Executive remuneration are: **fixed annual remuneration** comprising salary and benefits, including superannuation and optional participation in the Deferred Share Plan; **short-term performance incentives** in the form of a cash bonus payable if performance objectives are met; and **long-term equity incentives**, generally through participation in the company's Performance Rights Plan. The combination of these three components comprises a Senior Executive's total remuneration.

The short term incentive bonus and the long term incentive plan together represent remuneration which is at risk as it is performance based. For the financial year ended 30 June 2010, the table below shows that, generally, up to 47% of Senior Executives' total maximum remuneration is at risk and 54% of the total maximum remuneration of the Group Managing Director & CEO and Finance Director is at risk.

SENIOR EXECUTIVES - PROPORTION OF FIXED AND AT-RISK REMUNERATION – FY2009 AND FY2010

		% OF TOTAL MAXIMUM REMUNERATION[1]		
		Fixed Remuneration	'At risk' - performance-based	
		FR	STI	LTI
Mr David Harris Group MD & CEO	2010	46	27	27
	2009	46	27	27
Mr Chris Woodward Finance Director	2010	53	26	21
	2009	53	26	21
Mr Robert Galvin CEO Mechanical and Hydraulics Division	2010	53	26	21
	2009	53	26	21
Mr David Hammond CEO Electrical Division	2010	53	26	21
	2009	51	26	23
Mr Joseph Farrugia CEO Services Division	2010	53	26	21
	2009	56	28	16
Mr Phill Laidlaw[2] CEO UK Operations	2010	62	19	19
	2009	94	–	6
Mr Jerry Collins[2] CEO Republic of Ireland and International Operations	2010	69	17	14
	2009	94	–	6

1 These amounts are based on 'maximum' performance being achieved as set out in contracts of employment.

2 Mr P Laidlaw and Mr J Collins became Senior Executives from 1 January 2009. No performance related bonus arrangements were in place during FY2009.

INDEPENDENT REMUNERATION ADVICE

During the financial year ended 30 June 2010, Guerdon Associates Pty Ltd was retained directly by the Remuneration Committee to provide independent remuneration advice and data on Senior Executive remuneration. Guerdon Associates Pty Ltd does not provide any services other than remuneration advice to the company.

FIXED ANNUAL REMUNERATION

Senior Executives' remuneration is benchmarked against the market median for similar roles in similarly sized companies. Actual remuneration may vary from the market median in accordance with the company's and the individual's performance. Remuneration is reviewed on a regular basis, generally effective 1 January each year. Adjustments to remuneration including base salary may be made based on promotion or significant role responsibility changes, pay relativities to market and relative performance in the role.

SHORT TERM INCENTIVES

Short Term Incentives (STI) in the form of cash bonuses are paid to Senior Executives based upon Performance "scorecards" which are agreed with each Senior Executive at the beginning of the period and measured against agreed targets which determine the value of cash bonuses paid. The STI targets and measures have been chosen to ensure a strong link between executive reward and company performance, and are directly linked to the strategic direction of the company. The STI program is designed to put a significant proportion of Senior Executive remuneration at risk against meeting financial and non-financial targets linked to the company's business objectives. The Board approves the STI measures and targets for all Senior Executives.

1. Financial Performance Targets

Financial measures for Senior Executives are generally weighted at 60% to 70% of the overall STI target. Financial performance targets are set at both threshold and stretch levels. The threshold level is set at an acceptable minimum outcome for each budgeted goal with the stretch target set at a level regarded by the Board as an outstanding yet realistic achievement. The key financial measures for the Group MD & CEO and Finance Director were earnings before interest and tax (EBIT), earnings per share (EPS) and working capital management. For the other Senior Executives, EBIT, order backlog, organic growth and working capital management were the key financial measures.

For the 2010/11 financial year, the percentage weighting of the financial performance targets continue to make up 60% to 70% of the overall STI target.

2. OH&S Performance Targets

OH&S objectives and targets are set for each Senior Executive across the Group, with a STI weighting of 10%. Key to these is the expectation of further reducing injuries to our people, while at the same time fostering a safety culture that will ensure workplace risk faced by our employees is appropriately controlled. For the year ending 30 June 2010, development of measurable lead indicators to further assist in reducing workplace injury was a priority.

For the 2010/11 financial year, OH&S objectives continue to constitute 10% of overall STI measures.

3. Other Targets

Targets specific to individual businesses and individuals are also set and weighted between 20% and 30% of STI. These include:

- review and monitoring of risk assessment
- succession planning, management development and performance management
- strategic development of the business
- organic growth
- acquisition growth
- research and development culminating in alternative energy efficient technologies
- carbon footprint reduction
- order pipeline growth

The Group Managing Director & CEO assesses the performance of Senior Executives against STI targets at the end of each financial year and confers with the Chairman, the Remuneration Committee and the Board regarding his recommendations. The Chairman,, in consultation with the Remuneration Committee and the Board determines the Group Managing Director & CEO's targets at the beginning of each financial year and assesses performance against those targets at the end of each financial year.

SHORT TERM INCENTIVES (CONTINUED)

The table below sets out the percentage of the STI paid and forfeited for each of the Senior Executives in respect of the financial years ending 30 June 2009 and 2010.

SHORT TERM INCENTIVE PAYMENTS FY2009 AND FY2010

	FY2009[1]		FY2010[2]	
	Paid %	Forfeited %	Paid %	Forfeited %
Mr David Harris Group MD & CEO	77	23	49	51
Mr Chris Woodward Finance Director	75	25	60	40
Mr Robert Galvin CEO Mechanical and Hydraulics Division	85	15	72	28
Mr David Hammond CEO Electrical Division	75	25	56	44
Mr Joseph Farrugia CEO Services Division	77	23	37	63
Mr Phill Laidlaw[3] CEO UK Operations	100	n/a	95	5
Mr Jerry Collins[3] CEO Republic of Ireland and International Operations	100	n/a	38	62

1 In respect of the 2009 financial year and to be paid in the 2010 financial year.

2 In respect of the 2010 financial year and payable in the 2011 financial year and on the basis that reported EBIT excluding one-off acquisition costs and gains was used for measuring performance against STI objectives.

3 Mr P Laidlaw and Mr J Collins became Senior Executives on 1 January 2009. There was no performance related bonus arrangement in place during FY2009. However the Board approved discretionary bonus payments in relation to that period.

LONG TERM INCENTIVES

The purpose of the long-term incentive (LTI) plan is to align the performance of Senior Executives to the achievement of sustainable long term shareholder value. Providing executives with the opportunity to earn equity in Hastie Group through the LTI plan fosters retention and builds ownership by the senior team.

All Senior Executives named below are eligible to receive performance rights under the LTI plan as they have been identified as being able to directly impact the company's performance. Each performance right is an entitlement to one fully paid ordinary share in the company for nil consideration subject to achievement of vesting conditions (including service and performance) over 4 financial years, with 1/3 of the performance rights vesting at the end of the 2nd financial year following award, 1/3 at the end of the 3rd financial year and the remaining 1/3 at the end of the 4th financial year. The first performance period commences from the end of the financial year immediately preceding the date of grant. The value of the performance rights at the date of grant is shown in the table on page 70. Performance rights are offered at no cost to executives and carry no voting or dividend rights. Participating executives, however, do not receive any value from their grants unless and until vesting conditions are met. If vesting conditions are met, the ordinary shares issued carry usual voting and dividend rights.

LONG TERM INCENTIVES (CONTINUED)

There were 3,659,332 new performance rights issued in the financial year ended 30 June 2010 of which 1,274,911 were issued to Senior Executives.

The table on page 70 shows that the Group Managing Director & CEO and Finance Director were granted performance rights, subject to vesting conditions, representing approximately 27% of their total maximum remuneration for the financial year ended 30 June 2010. The other Senior Executives were granted performance rights representing up to 21% of their total maximum remuneration. The Board's current intention is that, as part of Hastie Group's long-term incentive and retention program, allocations will be made each financial year under the Performance Rights Plan to Senior Executives and other executives in a position to directly impact company performance. The Board is of the view that regular allocations will focus executives on the achievement of long-term performance and reinforce the importance of maintaining and increasing shareholder value.

DEALING WITH PERFORMANCE RIGHTS

Performance rights granted subject to a vesting condition must not be transferred, encumbered or otherwise dealt with until the earlier of 10 business days after the date on which the Board determines the extent (if any) to which the condition has been satisfied or 4 months after the end of the applicable measurement period.

EXERCISE OF RIGHTS FOLLOWING DEATH OR OTHER CESSATION OF EMPLOYMENT

All unvested rights become exercisable following the death or permanent incapacity of a participant, whether or not the applicable performance conditions have been satisfied at the date of death or cessation of employment.

If a participant's employment by a Hastie Group company is terminated for cause or a participant resigns as a Hastie Group employee before the end of the applicable measurement period, their rights will generally lapse. If a participant resigns as a Hastie Group employee after the last day of applicable measurement period but before the rights have vested, then subject to satisfaction of the applicable performance conditions, their rights may be exercised.

If a participant ceases to be employed by a Hastie Group company because of redundancy or permanent retirement before the last 6 months of the applicable measurement period, their rights will generally lapse. Where a participant ceases to be employed by a Hastie Group company because of redundancy or permanent retirement within the last 6 months of the applicable measurement period, then, subject to satisfaction of the applicable performance conditions, their rights may be exercised.

RETESTING AND CHANGE IN CONTROL

Performance rights granted during the financial year ending 30 June 2010, which do not vest, will not be 'retested' and will lapse.

Change in control is defined as the acquisition by any person of more than 50% of the company's total issued Shares. Following a change in control:

- for rights granted up to 30 June 2009, performance rights on issue vest automatically (and may be exercised in the period which the Board specifies)
- for rights granted from 1 July 2009, all the performance rights on issue will vest automatically provided they pass the performance conditions as measured to the date of change of control (subject to Board discretion to provide for increased vesting).

RETESTING AND CHANGE IN CONTROL (CONTINUED)

For performance rights granted during the financial year ended 30 June 2010, the performance hurdles (equally weighted) were Total Shareholder Return (TSR) and Relevant Earnings per Share (Relevant EPS).

Total Shareholder Return (TSR) measures the return a shareholder obtains from the company's shares in the defined period and takes into account the changes in the market value of the company's shares as well as the dividends paid on the shares (adjusted for any rights or bonus issues and capital reconstructions). This performance measure compares the company's TSR over the performance period to the TSR performance of other companies in the S & P ASX Small Ordinaries Accumulation Index.

Relevant Earnings per Share (RELEVANT EPS) means 23.2 cents and has been calculated to take into account the dilutive impact of the capital raising completed in June 2009. The Board believes TSR and EPS growth are appropriate measures because they ensure that a proportion of each executive's remuneration is linked to company profits and shareholder value and those executives only benefit when there is a corresponding benefit to shareholders.

- **TSR** - half the rights vest if Hastie Group's TSR ranks at the 50th percentile of the companies comprising the ASX Small Ordinaries Accumulation Index increasing lineally to all rights vesting, if Hastie Group's TSR ranks at or above the 75th percentile of those companies
- **RELEVANT EPS** - half the rights vest if 7.5% compound growth in RELEVANT EPS is achieved over the vesting period, increasing lineally to vesting of all of the rights, if 10% or more compound growth in RELEVANT EPS is achieved

Performance rights granted during the financial year ended 30 June 2010, which do not vest, will lapse.

For those performance rights granted in November 2007 and tested during the financial year ended 30 June 2010

(a) 10% compound EPS growth was not achieved, and these rights have lapsed;

(b) the required degree of TSR performance against the ASX Small Ordinaries index was not achieved, and these rights have lapsed.

For those performance rights granted November 2008 and first tested during the financial year ended 30 June 2010

(a) 10% compound EPS growth was not achieved; and

(b) the required degree of TSR performance against the ASX Small Ordinaries index was not achieved

These 2008 rights will be retested against performance hurdles as at 30 June 2011 and 30 June 2012 in accordance with the original terms of the award.

As noted above, all rights issued since 1 July 2009 are not subject to retesting.

DEALING IN COMPANY SECURITIES

In respect of performance rights and unvested shares held in the company's Deferred Share Plan, Hastie Group's Dealing in Securities Policy prohibits Directors, Senior Management and other employees from entering into any arrangement which would have the effect of eliminating, reducing or transferring to any other person the risk of any fluctuation in their value. These sorts of arrangements are commonly referred to as hedging. Examples of hedging arrangements are put and call options, warrants, and cap and collar transactions. Under the policy, vested securities may be hedged, provided the company is notified in advance of the arrangement being entered into coupled with post hedging confirmation.

Directors are also required to notify the company promptly if they or their related parties individually put in place any margin borrowing arrangements which, together with any of their previous arrangements, apply to more than 2% of Hastie's share capital.

DETAILS OF REMUNERATION

The directors and other members of Key Management Personnel of the company and the Group during the year were:

Mr Trevor Bourne	Chairman (non-executive)
Mr David Harris	Group Managing Director & CEO; Chairman, European Advisory Board
Mr Phillip Anderson	Director (non-executive)
Mr Harry Boon	Director (non-executive)
Mr David Martin	Director (non-executive)
Mr John Gaskell	Director (non-executive)
Mr Chris Woodward	Finance Director
Mr Robert Galvin	CEO Mechanical and Hydraulics Division
Mr Joseph Farrugia	CEO Services Division
Mr David Hammond	CEO Electrical Division
Mr Phill Laidlaw	CEO UK Operations
Mr Jerry Collins	CEO Republic of Ireland and International Operations

Details of the remuneration of each Hastie Group Limited non-executive director and Senior Executive are set out in the tables below:

Non-executive directors' remuneration

		SHORT-TERM $	POST EMPLOYMENT $	LONG TERM $	
		Salary & fees paid	**Super-annuation**	**Retirement benefits**	TOTAL $
Mr Trevor Bourne	2010	183,486	16,514	–	200,000
	2009	185,578	14,422	–	200.000
Mr Phillip Anderson	2010	96,000	–	–	96,000
	2009	96,000	–	–	96,000
Mr Harry Boon	2010	95,413	8,587	–	104,000
	2009	89,417	14,583	–	104,000
Mr David Martin	2010	88,000	–	–	88,000
	2009	88,000	–	–	88,000
Mr John Gaskell[1]	2010	46,333	41,667	–	88,000
	2009	77,000	–	–	77,000
Total non-executive directors	**2010**	**509,232**	**66,768**	**–**	**576,000**
	2009	**535,995**	**29,005**	**–**	**565,000**

1 Mr John Gaskell was appointed to the Board in August 2008.

DETAILS OF REMUNERATION (CONTINUED)

Senior Executives' remuneration

		SHORT-TERM $		POST EMPLOYMENT $	LONG TERM BENEFITS $		
		Salary & fees paid	**Bonus Payable[1]**	**Superannuation**	**Deferred Share Plan**	**Performance rights**	TOTAL $
Mr David Harris	2010[1]	635,000	210,000	50,000	55,385[3]	104,214	1,054,599
	2009[2]	545,000	306,000	100,000	143,505[3]	138,521	1,233,026
Mr Chris Woodward	2010[1]	437,500	144,000	25,021	–	38,587	645,108
	2009[2]	402,841	167,000	34,433	–	92,758	697,032
Mr Robert Galvin	2010[1]	405,000	170,000	49,955	–	47,759	672,714
	2009[2]	371,851	187,000	48,150	–	86,589	693,590
Mr David Hammond	2010[1]	372,750	115,000	37,275	–	45,269	570,294
	2009[2]	272,720	146,500	27,280	–	76,005	522,505
Mr Joseph Farrugia	2010[1]	345,000	75,000	50,000	–	42,750	512,750
	2009[2]	300,800	148,500	49,813	–	28,411	527,524
Mr Phill Laidlaw[4]	2010[1]	277,234	92,657	36,136	–	30,201	436,228
	2009[2]	161,625	32,000	–	–	1,560	195,185
Mr Jerry Collins[4]	2010[1]	266,520	21,494	26,652	–	23,566	338,232
	2009[2]	177,717	24,000	–	–	1,560	203,277
TOTAL	**2010**	**2,739,004**	**828,151**	**275,039**	**55,385**	**332,346**	**4,229,925**
	2009	**2,232,554**	**1,011,000**	**259,676**	**143,505**	**425,404**	**4,072,139**

1 FY2010 bonuses represent those amounts approved by the directors and payable during the financial year ended 30 June 2011 for services performed in relation to the financial year ended 30 June 2010.

2 FY2009 bonuses represent those amounts approved by the directors and paid during the financial year ended 30 June 2010 for services performed in relation to the financial year ended 30 June 2009.

3 Mr David Harris was granted 150,000 shares in June 2007 when joining the company. These shares vest in 3 equal tranches depending on continued service. $55,385 represents the amortisation of the sign on benefit over the vesting period for FY2010. $143,505 represents the amortisation of the sign on benefit over the vesting period for FY2009.

4 Mr P Laidlaw and Mr J Collins became Senior Executives on 1 January 2009 and their remuneration is shown from 1 January 2009.

EQUITY INSTRUMENT DISCLOSURES RELATING TO SENIOR EXECUTIVES -

OPTIONS, PERFORMANCE RIGHTS OR SHARES PROVIDED AS REMUNERATION

No options have been issued to or are held by Senior Executives.

Details of performance rights over unissued ordinary shares in Hastie Group Limited provided as remuneration to Senior Executives are set out below. No performance rights were granted to, or are held by, non-executive directors.

The amounts disclosed for remuneration relating to performance rights is the assessed fair value at grant date allocated over the period from grant date to vesting date. Fair values at grant date have been independently determined using a Black-Scholes and Barrier Pricing option pricing model that takes into account the exercise price, the expected life of the performance right, the market based vesting and performance criteria, the impact of dilution, the share price on grant date, expected price volatility of the underlying share, the expected dividend yield and risk free interest rate for the life of the performance right.

Details of the movements in the number of performance rights over ordinary shares in Hastie Group Limited held during the financial year by each of the Senior Executives of the consolidated entity, including their related parties, are set out below:

Performance Rights – number

SENIOR EXECUTIVES		BALANCE AT START OF PERIOD	GRANTED DURING PERIOD AS COMPENSATION	VESTED DURING PERIOD	OTHER CHANGES	BALANCE AT END OF PERIOD
Mr David Harris	2010	235,971	373,584	(16,667)	(33,334)	559,554
	2009	100,000	135,971	-	-	235,971
Mr Chris Woodward	2010	136,651	167,924	(32,000)	(43,500)	229,075
	2009	126,735	61,151	51,235	-	136,651
Mr Robert Galvin	2010	127,826	174,860	(41,382)	(33,741)	227,563
	2009	115,318	57,554	(45,046)	-	127,826
Mr Joseph Farrugia	2010	58,468	149,321	(3,304)	(6,608)	197,877
	2009	18,540	39,928	-	-	58,468
Mr David Hammond[1]	2010	127,338	154,076	(63,147)	(21,069)	197,198
	2009	128,777	48,561	(50,000)	-	127,338
Mr Phill Laidlaw[2]	2010	15,000	100,771	-		115,771
	2009	-	15,000	-	-	15,000
Mr Jerry Collins[2]	2010	15,000	76,219	-	-	91,219
	2009	-	15,000	-	-	15,000

1 In FY2008, Mr D Hammond was granted a further 500,000 performance rights as deferred consideration for Hastie's acquisition of the Heyday business. A further 15,000 performance rights were granted to Mr Hammond so that, along with other performance rights holders, he would hold the same relative shareholding in the company as he would have held had the 1:4.7 2008 entitlement offer under the published Prospectus issued by Hastie Group Limited not have occurred. During FY2009, 250,000 of the FY2008 performance rights vested and ordinary shares were issued as a consequence. During FY2010, a further 21,724 performance rights were issued to David Hammond so that, along with other performance rights holders, he would hold the same relative shareholding in the company as he would have held had the 1:14.5 entitlement under the rights issue place in connection with the capital raising exercise during the year ending 30 June 2009 not have occurred. During FY2010, the balance of the FY2008 performance rights together with the associated additional rights vested and ordinary shares were issued as a consequence.

2 Mr P Laidlaw and Mr J Collins became Senior Executives on 1 January 2009.

EQUITY INSTRUMENT DISCLOSURES RELATING TO SENIOR EXECUTIVES -

OPTIONS, PERFORMANCE RIGHTS OR SHARES PROVIDED AS REMUNERATION (CONTINUED)

Value of performance rights issued to Senior Executives

The value of performance rights granted, exercised or lapsed during the financial years ended 30 June 2010 and 2009 is set out below:

		RIGHTS GRANTED VALUE AT GRANT DATE $	RIGHTS EXERCISED VALUE AT EXERCISE DATE $	RIGHTS LAPSED VALUE AT TIME OF LAPSE $	VALUE OF RIGHTS INCLUDED IN REMUNERATION FOR THE YEAR $
Mr David Harris	2010	622,255	60,835	101,293	104,214
	2009	371,271	–	–	138,521
Mr Chris Woodward	2010	223,989	80,470	127,210	38,587
	2009	229,747	75,309	–	92,758
Mr Robert Galvin	2010	222,256	98,896	109,883	47,759
	2009	213,780	65,120	–	86,589
Mr Joseph Farrugia	2010	210,822	12,060	20,080	42,750
	2009	78,813	–	–	28,411
Mr David Hammond	2010	193,057	123,291	68,615	45,269
	2009	198,192	92,970	–	76,005
Mr Phill Laidlaw	2010	113,514	–	–	30,201
	2009	6,268	–	–	1,560
Mr Jerry Collins	2010	87,366	–	–	23,566
	2009	6,268	–	–	1,560
TOTAL	**2010**	**1,673,259**	**375,552**	**427,081**	**332,346**
	2009	**1,104,339**	**233,399**	**–**	**425,404**

1 Value at exercise date has been independently determined using a Black-Scholes and Barrier Pricing option pricing model and is not based on the Volume Weighted Average Price

EMPLOYMENT CONTRACTS

DIRECTORS AND EXECUTIVES	DATE COMMENCED WITH HASTIE GROUP	TERM OF CONTRACT	CASH BONUS LINKED TO KPIS	NON COMPETE PERIOD	NOTICE OF TERMINATION
Mr David Harris	1 June 2007	Ongoing	Yes	Yes	12 months by executive/ 12 months by company
Mr Chris Woodward	17 May 2004	Ongoing	Yes	No	6 months by executive/ 6 months by company
Mr Robert Galvin	1 May 2001	Ongoing	Yes	Yes	6 months by executive/ 6 months by company
Mr Joseph Farrugia	29 Jan. 2008	Ongoing	Yes	Yes	6 months by executive/ 6 months by company
Mr David Hammond	4 Sept. 2006	Ongoing	Yes	Yes	6 months by executive/ 6 months by company
Mr Phill Laidlaw	3 April 2008	Ongoing	Yes	Yes	6 months by executive/ 6 months by company
Mr Jerry Collins	3 April 2008	Ongoing	Yes	Yes	6 months by executive/ 6 months by company

Signed in accordance with a resolution of directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors

Trevor Bourne
Chairman

David Harris
Director

Sydney, 24 August 2010

Deloitte.

Member of
Deloitte Touche Tohmatsu
Chartered Accountants

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THE AUDITORS' INDEPENDENCE DECLARATION

The Board Of Directors
Hastie Group Limited
Level 5, 20 Highgate Street
AUBURN NSW 2144

24 August 2010

Dear Board Members

HASTIE GROUP LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Hastie Group Limited.

As lead audit partner from the audit of the financial statements of Hastie Group Limited for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Bruce Moore

Bruce Moore
PARTNER
CHARTERED ACCOUNTANTS

Member of
Deloitte Touche Tohmatsu

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASTIE GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Hastie Group Limited, which comprises the statement of financial position as at 30 June 2010, and the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 74 to 136.

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 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

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 Hastie Group Limited is in accordance with the Corporations Act 2001, including:
  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its 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; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 58 to 71 of 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 Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Hastie Group Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Bruce Moore

Bruce Moore
PARTNER
CHARTERED ACCOUNTANTS

Parramatta, 24 August 2010

DIRECTORS' DECLARATION

The directors declare that in their opinion:

(a) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) the attached financial statements and notes are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity;

(c) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements; and

(d) they have been givent the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 28 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors.

On behalf of the Directors

Trevor Bourne
CHAIRMAN

David Harris
DIRECTOR

Sydney, 24 August 2010

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	CONSOLIDATED 2010 $'000	CONSOLIDATED 2009 $'000
Revenue from sale of goods and services		1,651,081	1,781,049
Cost of sales		(1,369,715)	(1,478,037)
Gross profit		281,366	303,012
Other income		3,720	6,094
Marketing expenses		(1,737)	(1,904)
Occupancy expenses		(16,754)	(16,047)
Administration expenses		(179,976)	(188,066)
Depreciation and amortisation expense	33	(13,498)	(12,964)
Operating earnings before interest and tax		73,121	90,125
Gain on acquisition	26	1,579	-
Acquisition-related costs	26	(2,154)	-
Earnings before interest and tax		72,546	90,125
Interest income	3	1,009	3,565
Finance costs	3	(21,646)	(24,802)
Profit before tax	33	51,909	68,888
Income tax expense	4	(11,331)	(10,190)
Profit for the year		40,578	58,698
Profit is attributable to:			
Owners of the parent		39,835	58,344
Non-controlling interests		743	354
		40,578	58,698
Earnings per share:		**Cents**	**Cents**
Basic	20	16.9	32.4
Diluted	20	16.6	31.9

Notes to the financial statements are included on pages 80 to 136

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	CONSOLIDATED 2010 $'000	CONSOLIDATED 2009 $'000
Profit for the year		40,578	58,698
Other comprehensive income			
Gain / (loss) recognised on			
Interest rate swaps	17	2,984	(12,082)
Forward exchange contracts	17	(2,789)	1,172
		195	(10,910)
Related deferred tax	17	(128)	3,273
		67	(7,637)
Foreign currency translation	17	(4,060)	1,453
Decline in value of pension plan assets	17	(432)	(560)
Other comprehensive income for the year		(4,425)	(6,744)
Total comprehensive income for the year		36,153	51,954
Total comprehensive income is attributable to:			
Owners of the parent		35,410	51,600
Non-controlling interests		743	354
		36,153	51,954

Notes to the financial statements are included on pages 80 to 136

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

		CONSOLIDATED	
	NOTE	2010 $'000	2009 $'000
Current assets			
Cash		84,051	89,965
Trade and other receivables	5	406,501	367,255
Inventories	6	34,450	28,834
Current tax assets		168	877
Prepayments		8,510	7,733
Other financial assets	7	1,022	3,088
Total current assets		534,702	497,752
Non-current assets			
Property, plant and equipment	8	54,967	56,703
Deferred tax assets	4	23,120	22,454
Goodwill	9	424,039	413,763
Other intangible assets	10	14,777	14,473
Other financial assets	7	2,324	762
Total non-current assets		519,227	508,155
Total assets		1,053,929	1,005,907
Current liabilities			
Trade and other payables	11	322,953	310,233
Borrowings	12	9,478	7,847
Current tax liabilities		6,443	4,554
Provisions	15	53,439	46,371
Other financial liabilities	14	6,483	13,644
Total current liabilities		398,796	382,649
Non-current liabilities			
Borrowings	12	263,033	253,004
Provisions	15	2,905	2,402
Other financial liabilities	14	1,967	1,331
Total non-current liabilities		267,905	256,737
Total liabilities		666,701	639,386
Net assets		387,228	366,521
Equity			
Issued capital	16	299,688	290,093
Reserves	17	(6,753)	(1,096)
Retained earnings	18	92,734	76,410
Parent owners interest		385,669	365,407
Non-controlling interest	19	1,559	1,114
Total equity		387,228	366,521

Notes to the financial statements are included on pages 80 to 136

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

		CONSOLIDATED	
	NOTE	2010 $'000	2009 $'000
Cash flows from operating activities			
Receipts from customers		1,796,977	1,974,575
Payments to suppliers and employees		(1,737,251)	(1,928,008)
Cash generated from operations		59,726	46,567
Income tax paid		(8,117)	(11,540)
Net cash generated by operating activities	28(a)	51,609	35,027
Cash flows from investing activities			
Payment for businesses			
- current year acquisitions	26	(17,730)	(21,241)
- prior year acquisitions		(107)	(70)
Payment of contingent consideration for businesses		(5,845)	(7,701)
Payment for property, plant and equipment		(10,837)	(13,688)
Payment for intangible assets (Software)		(1,711)	(4,002)
Proceeds from sale of property, plant and equipment		1,833	1,354
Advances to related parties		(1,336)	(116)
Net cash used in investing activities		(35,733)	(45,464)
Cash flows from financing activities			
Proceeds from borrowings		24,396	37,828
Repayment of borrowings		(9,387)	(75,166)
Proceeds from issues of shares		-	76,914
Payment for share issue costs		(114)	(2,931)
Interest received		1,009	3,565
Interest and other costs of finance paid		(21,083)	(23,495)
Dividends paid to			
- owners the parent entity		(14,467)	(20,312)
- non-controlling interests		(298)	(219)
Net cash used in financing activities		(19,944)	(3,816)
Net decrease in cash		(4,068)	(14,253)
Cash at the beginning of the year		87,599	100,874
Effect of exchange rate changes on cash held in foreign currencies		(2,696)	978
Cash at the end of the year		80,835	87,599
Reconciliation to related items in the statement of financial position:			
Cash		84,051	89,965
Bank overdraft (note 12)		(3,216)	(2,366)
		80,835	87,599

Notes to the financial statements are included on pages 80 to 136

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

	NOTE	CONSOLIDATED 2010 $'000	CONSOLIDATED 2009 $'000
Total comprehensive income for the year			
Attributable to:			
Owners of the parent		35,410	51,600
Non-controlling interests		743	354
		36,153	51,954
Transactions with owners in their capacity as owners			
Shares issued for cash	16	-	76,914
Shares issued pursuant to dividend reinvestment plans	16	9,045	5,933
Share based payment	17	520	1,036
Shares purchased	17	(1,122)	(221)
Share issue costs	16	(114)	(2,931)
Related income tax	16	34	879
Dividends paid			
- owners of the parent	21	(23,511)	(26,245)
- non-controlling interest	19	(298)	(219)
Net change in equity		20,707	107,100
Equity at the begining of the year		366,521	259,421
Equity at the end of the year		387,228	366,521
Reconciliation of changes in equity by components			
Issued capital	16		
Opening balance		290,093	208,035
Net change		9,595	82,058
Closing balance		299,688	290,093
Reserves	17		
Opening balance		(1,096)	6,096
Net change		(5,657)	(7,192)
Closing balance		(6,753)	(1,096)
Retained earnings	18		
Opening balance		76,410	44,311
Net change		16,324	32,099
Closing balance		92,734	76,410
Non-controlling interest	19		
Opening balance		1,114	979
Net change		445	135
Closing balance		1,559	1,114
Equity at the end of the year		387,228	366,521

Notes to the financial statements are included on pages 80 to 136

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

1. SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements comply with International Financial Reporting Standards.

The financial statements were authorised for issue by the directors on 24 August 2010.

BASIS OF PREPARATION

The financial statements have been prepared on an historical cost basis, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The preparation of financial statements in conformity to Australian Accounting Standards require the Directors to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates and underlying assumptions are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period and future periods if the revision affects both current and future periods.

The estimates and judgments that have a significant risk of material adjustments in the next financial year are disclosed as appropriate in the notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

All amounts are presented in Australian dollars, unless otherwise noted.

The company is of a kind referred to in ASIC Class Order 98/0100 and in accordance with that Class Order amounts in the financial report are rounded off to the nearest $'000, unless otherwise indicated.

The following significant accounting policies have been applied in the preparation and presentation of the financial statements:

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date control commences until the date that control ceases. A list of subsidiaries appears in note 25.

Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements, and all intra-group balances, transactions, income and expenses are eliminated in full on consolidation.

The interest of non-controlling shareholders consists of their share of the fair values of the assets and liabilities recognised at the time of the original acquisition and their share of the changes in equity since that time.

(b) Changes in accounting policies on initial application of Accounting Standards

The following amending Standards have been adopted from 1 July 2009:

– AASB 3 Business Combinations

AASB 3 requires that business acquisition-related costs be expensed as incurred. Previously such costs were accounted for as part of the cost of acquisition of the business. The effect of the Group adopting AASB 3 is to reduce profit after tax for the year by $2,154K (compared to the amount that would have been arrived at applying the previous Standard).

AASB 3 also requires that if the Contingent Consideration for acquisitions after 1 July 2009 was to be subsequently adjusted due to comparison with earnings targets, such adjustments can no longer be made against Goodwill. This has no impact for the Group in the current year.

The Group has also adopted AASB 8 "Operating Segments", AASB 101 "Presentation of Financial Statements" and AASB 127 "Consolidated and Separate Financial Statements". Adoption of these standards did not have any effect on the financial position or performance of the Group.

(c) Foreign currency

All foreign currency transactions during the financial year are translated at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities at reporting date are translated at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, the assets and liabilities of the Group's foreign operations are translated to Australian dollars at exchange ruling at balance date, while income and expenses are translated at the average exchange rates for the year. Exchange differences arising are recognised in the foreign currency translation reserve.

(d) Financial assets

Investments in subsidiaries, associates and other investments are measured at cost.

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment losses.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Derivative Financial instruments

The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps to hedge its exposure to interest rate and foreign exchange rate risk.

The effective portion of changes in the fair value of cash flow hedges are recognised in equity in the hedging reserve, while the ineffective portion is recognised immediately in profit or loss.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the amounts previously deferred in equity are transferred and included in the initial measurement of the cost of the asset.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain amount deferred in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative amount in equity is recognised immediately in profit or loss.

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

(f) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods.

Rendering of services

Revenue from services rendered is recognised in proportion to the stage of completion of the transaction. The stage of completion is determined by reference to work performed.

Construction contracts

Revenue from contracts is generally recognised on an individual contract basis by reference to the recoverable costs incurred during the financial period plus the percentage of margin earned. Percentage of margin earned is measured by the proportion that costs incurred to date bear to the estimated costs of the contract. Where a loss is expected to occur it is recognised immediately and is made for both work in progress to date and for future work on the contract. Variations in contract work, claims and incentive payments are included to the extent it is probable the customer will approve and accept them.

(g) Joint ventures

Interests in jointly controlled assets and operations are reported in the financial statements by including in their respective classification categories the Group's share of assets employed, liabilities incurred and income and expenses.

(h) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment (continued)

Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its estimated useful life as follows:

Buildings	50 years
Leasehold improvements	Term of lease
Plant and equipment	4 - 15 years
Motor vehicles	4 - 5 years
Office furniture and equipment	5 - 15 years

The estimated useful lives, residual values and depreciation method are reviewed at each financial year end.

(i) Leased assets

The Group enters into leases as a lessee, in respect of both finance and operating leases.

Finance lease assets are initially recognised as assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease liability.

Finance lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the outstanding lease liability. Finance charges are recognised as an expense in profit or loss.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

(j) Business acquisitions

Acquisition of subsidiaries and businesses are accounted for using the acquisition method, where cost is compared with the net assets acquired. Cost is measured as the fair values of assets given, liabilities incurred or assumed, and equity instruments issued. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date.

The excess of the cost over the fair value of the net assets acquired is recorded as goodwill.

Acquisition related costs are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the future amounts payable are discounted to their present value as at the date of exchange, using the Group's incremental borrowing rate as the discount rate.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets and liabilities recognised.

Specific intangible assets are recognised at the time of a business acquisition where it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group, and the cost of the asset can be measured reliably.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Business acquisitions (continued)

Contractual customer relationships acquired in a business acquisition are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The fair value is determined by way of an excess earnings approach and amortised over the expected life of the contractual relationship.

Brand names acquired in a business acquisition are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Brand names recognised by the Group are considered to have indefinite lives and are not amortised. Each period, the useful life is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment at least annually or more frequently if events or circumstances indicate that the asset might be impaired.

(k) Goodwill

Goodwill arising in a business acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets acquired.

If the Group's share of the net identifiable assets acquired exceeds the cost of acquisition, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised, but is allocated to the Group's cash generating units and is tested for impairment annually, and whenever an indication of impairment exists.

An impairment of goodwill is not subsequently reversed.

(l) Impairment of assets

Financial assets, other than those at fair value through profit of loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amounts of the Group's tangible and intangible assets, including goodwill, are assessed annually for impairment. An impairment loss is recognised in the profit and loss for the amount by which the assets carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of 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 which the estimates of future cash flows have not been adjusted.

For an impaired trade receivable the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance are recognised in profit or loss.

An impairment of goodwill is not subsequently reversed.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of assets (continued)

Where an impairment loss on other assets subsequently reverses, the carrying amount is increased to the revised estimated recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount.

(m) Income tax

Current tax

Current tax is the tax payable on the taxable income for the year, using tax rates and laws that have been enacted or substantively enacted by reporting date, and any adjustment to tax payable in respect of prior years. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities (other than as a result of a business acquisition) which affects neither taxable income nor accounting profit, nor is a deferred tax liability recognised in relation to the initial recognition of goodwill. Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable amounts will be available to utilise the temporary differences.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by reporting date, and that are expected to apply when the related asset is realised or the liability is settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax is recognised in the income statement, except when it relates to items recognised directly in equity, in which case it is recognised there. Where it arises from the initial accounting for a business acquisition, it is taken into account in determining goodwill.

(n) Intangible assets – Software

Software represents principally the investment in the Group's ERP systems, including some internally generated cost, and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over the estimated useful lives of five years. The estimated useful life and amortisation method are reviewed annually.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value is the estimated selling price less the estimated costs of completion and selling expenses.

(p) Construction work in progress

Construction work in progress represents the total of costs incurred to date plus recognised profits less recognised losses and progress billings. On contracts where billings exceed the total costs incurred plus profit margins, the net amounts are presented under trade and other payables.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Cash

Cash comprises cash on hand and in banks.

Bank overdrafts are shown within borrowings under current liabilities in the statement of financial position.

(r) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and the amount of the provision can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

(s) Employee benefits

Provision has been made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being reliably measured.

Provisions made in respect of employee benefits expected to be settled within one year are measured at the amount of expected payment to the employee.

The portions of provisions expected to be settled later than one year are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions to defined contribution superannuation plans are expensed when incurred.

(t) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

i. where the GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. receivables and payables are stated inclusive of GST.

The net amount of GST payable to the taxation authority is included as part of payables.

Cash flows are included in the Statement of Cash Flows on a gross basis, and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(u) Share-based payments

Equity-settled share-based payments are measured at fair value at the grant date. Fair value is measured by use of a Black-Scholes and Barrier Pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Standards and Interpretations issued not early adopted

At the date of authorisation of these financial statements, a number of standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards applicable to the Group is not expected to have any material impact on the financial report of the Group and the company:

Standard/Interpretation	Effective and will be initially applied by Hastie Group in the financial year ending
• AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	30 June 2011
• AASB 2009-8 Amendments toAustralian Accounting Standards – Group Cash-Settled Share-based Payment Transactions	30 June 2011
• AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	30 June 2011
• AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	30 June 2012
• AASB 124 Related Party Disclosures (revised December 2009), AASB2009-12 Amendments to Australian Accounting Standards	30 June 2012
• AASB 9 Financial Instruments, AASB2009-11 Amendments to Australian Accounting Standards arising fromAASB 9	30 June 2014
• Interpretation 19 Extinguishing Financial Liabilities with EquityInstruments	30 June 2011
• AASB 1053 Application of Tiers of Australian Accounting Standards - June 2010 (Principal)	30 June 2014
• AASB 2010-2 Amendment to Australian Accounting Standards arising from Reduced Disclosure Requirements	30 June 2014
• AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	30 June 2011
• AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	30 June 2012

2. SEGMENT INFORMATION

The principal products and services of each of Hastie's segments are as follows:

- Mechanical & Hydraulics — Design, engineering, assembly and installation of commercial and industrial air conditioning, hydraulics and refrigeration products and systems.
- Electrical — Design, engineering, assembly, installation and maintenance of electrical, communication data and dry fire products and systems for the construction and related industries.
- Rotary — Design, engineering, installation and maintenance of commercial and industrial air conditioning, electrical and hydraulics products and systems, in UK, Ireland, UAE and selected overseas markets.
- Services — Preventative maintenance and breakdown repair services for commercial and industrial air conditioning and related systems, and fire and security services.

The chief operating decision maker assesses performance of the operating segments based on the operations of the segment, without allocation of interest receivable and central other income. Segment results represents the profit earned by each segment after allocating central costs, based on a measure of segment revenue and operations, without allocation of net finance costs, acquisition related costs expensed in accordance with AASB 3 Business Combinations and income tax expenses.

	EXTERNAL REVENUE		OTHER		TOTAL	
SEGMENT REVENUES	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Mechanical & Hydraulics	775,925	855,972	1,133	2,830	777,058	858,802
Electrical	334,246	298,575	1,494	1,842	335,740	300,417
Rotary	323,136	435,906	570	877	323,706	436,783
Services	217,774	190,596	523	527	218,297	191,123
Total of segment revenues	1,651,081	1,781,049	3,720	6,076	1,654,801	1,787,125
Unallocated	-	-	1,009	3,583	1,009	3,583
Consolidated	1,651,081	1,781,049	4,729	9,659	1,655,810	1,790,708

SEGMENT RESULTS	2010 $'000	2009 $'000
Mechanical & Hydraulics	38,908	44,821
Electrical	17,524	20,042
Rotary	7,251	15,587
Services	9,438	9,675
Segment results	73,121	90,125
Net finance costs	(20,637)	(21,237)
Gain on acquisition	1,579	-
Acquisition-related costs	(2,154)	-
Profit before tax	51,909	68,888

2. SEGMENT INFORMATION (CONTINUED)

The amounts provided to the chief operating decision maker with respect to assets are measured based on the operations of the segment and the physical location of the asset, without allocation of those assets maintained centrally and tax assets. Liabilities are measured based on the operations of the segment, without allocation of those liabilities managed centrally and tax liabilities.

SEGMENT ASSETS AND LIABILITIES	ASSETS		LIABILITIES	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Mechanical & Hydraulics	403,450	406,990	166,275	177,571
Electrical	135,719	113,822	59,898	53,842
Rotary	335,125	341,030	117,068	120,494
Services	140,975	94,022	44,099	24,423
Segment totals	1,015,269	955,864	387,340	376,330
Unallocated	38,660	50,043	279,361	263,056
Consolidated total assets and liabilities	1,053,929	1,005,907	666,701	639,386

OTHER SEGMENT INFORMATION	ADDITIONS TO NON-CURRENT ASSETS		DEPRECIATION AND AMORTISATION	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Mechanical & Hydraulics	16,428	39,770	5,455	5,412
Electrical	1,868	2,320	1,942	1,650
Rotary	105	7,186	1,161	1,555
Services	8,097	4,816	3,045	2,836
Unallocated	1,874	3,073	1,895	1,511
	28,372	57,165	13,498	12,964

Following an operational/management restructure, from 1 July 2009 there is no longer a separate Refrigeration segment, with the operations divided between the Mechanical & Hydraulics and Services segments. The 2009 comparatives above have been adjusted to reflect this.

GEOGRAPHICAL INFORMATION

GEOGRAPHICAL SEGMENTS	REVENUE FROM EXTERNAL CUSTOMERS		NON-CURRENT ASSETS	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Australia	1,148,431	1,138,524	368,050	353,253
United Kingdom	255,723	319,298	124,964	128,950
Other Overseas	246,927	323,227	3,093	3,498
	1,651,081	1,781,049	496,107	485,701

3. NET FINANCE COSTS

	2010 $'000	2009 $'000
Interest income from:		
Bank deposits	844	3,141
Other	165	424
	1,009	3,565
Finance costs:		
Loan interest and fees	(17,105)	(23,157)
Interest on contingent consideration	(122)	172
Bank and guarantee fees	(4,167)	(2,101)
Net foreign exchange gain / (loss)	(252)	284
	(21,646)	(24,802)
Net finance costs	(20,637)	(21,237)

4. INCOME TAXES

(a) Income tax recognised in the income statement

The income tax expense reconciles to the accounting profit as follows:

	2010 $'000	2009 $'000
Profit before tax	51,909	68,888
Prima facie tax at the Australian tax rate of 30%	15,573	20,666
Adjusted for:		
Research & development allowance	(1,995)	(3,965)
Deductible expenses	(1,036)	-
Non-deductible expenses	776	252
Tax exempt income	(1,015)	(1,559)
Overseas tax rate differential	1,362	(278)
(Over)/under provisions in prior years		
Research & development allowance	(2,158)	(4,023)
Other	(176)	(903)
Income tax expense	11,331	10,190
Tax expense comprises		
Current income tax		
Current year	13,124	17,377
Adjustments for prior years	(2,779)	(3,559)
Deferred income tax		
Current year	541	(2,261)
Adjustments for prior years	445	(1,367)
Income tax expense	11,331	10,190

4. INCOME TAXES (CONTINUED)

	2010 $'000	2009 $'000
(b) Deferred tax assets recognised directly in equity		
Relating to amortisation of share issue costs	34	879
(c) Deferred tax assets recognised in other comprehensive income		
Relating to revaluations of cash flow hedges	(128)	3,273

(d) Deferred tax balances

	PROVISIONS & ACCRUALS	SHARE ISSUE COSTS	HEDGING	RETENTIONS	OTHER	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2008	13,255	1,901	(1,888)	(647)	(182)	12,439
Addition from business acquisitions	299	-	-	-	-	299
Tax expense	5,164	(1,199)	-	(425)	88	3,628
Charged to equity	-	879	-	-	-	879
Other comprehensive income recognised	-	-	3,273			3,273
Transfer to goodwill	1,940	-	-	-		1,940
Foreign currency translation	(14)	-	-	9	1	(4)
Balance at 1 July 2009	20,644	1,581	1,385	(1,063)	(93)	22,454
Addition from business acquisitions	(45)	(482)	-	-	391	(136)
Tax expense	251	-	-	(59)	1,440	1,632
Charged to equity	-	34	-	-	-	34
Other comprehensive income recognised	-	-	(128)	-	-	(128)
Transfer to goodwill	(40)	-	-	-	-	(40)
Foreign currency translation	(248)	-	-	-	(3)	(251)
Other	(468)	-	-	-	23	(445)
Balance at 30 June 2010	20,094	1,133	1,257	(1,122)	1,758	23,120

4. INCOME TAXES (CONTINUED)

(e) Tax consolidation

Tax consolidation within the Group

The company and its wholly-owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 April 2005 and are therefore taxed as a single entity from that date. Hastie Group Limited is the head entity within the tax consolidated group, and the group members are identified in note 25.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax consolidated group have entered into tax funding and tax-sharing agreements with the head entity. Under the tax funding arrangement, Hastie Group Limited and each of the subsidiaries in the tax consolidated group has agreed to make a tax equivalent payment to or from the head entity, based on the subsidiary's current tax liability or asset. In addition to its own current and deferred tax amounts.

The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

5. TRADE AND OTHER RECEIVABLES

	2010 $'000	2009 $'000
Trade receivables	405,036	363,414
Allowance for doubtful debts	(10,574)	(5,260)
	394,462	358,154
Other receivables	12,039	9,101
	406,501	367,255

Trade receivables are generally regarded as past due when the invoices are unpaid after 90 days after the end of the month raised.

As at 30 June 2010 trade receivables of $83,288K (2009: $60,642K) were past due but not impaired.

The Group has not provided for these as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable. These receivables are on average 40 days (2009: 41 days) past due. The Group does not hold any collateral over these balances.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

5. TRADE AND OTHER RECEIVABLES (CONTINUED)

Allowance for doubtful debts:

	2010 $'000	2009 $'000
Opening balance	(5,260)	(1,689)
Additional allowances from business acquisitions	(1,844)	(22)
Recognised in profit and loss	(6,306)	(4,442)
Write offs against allowance	2,353	734
Foreign currency translation	483	159
Closing balance	(10,574)	(5,260)

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

6. INVENTORIES

	2010 $'000	2009 $'000
Raw materials	18,354	15,191
Work in progress	15,851	10,804
Finished goods	245	2,839
	34,450	28,834

7. OTHER FINANCIAL ASSETS

Current

	2010 $'000	2009 $'000
Foreign currency forward contracts (note 29(c))	1,022	3,088

Non-current

	2010 $'000	2009 $'000
Shares in non-controlled entities at cost	604	378
Non-interest bearing advance to a related but non-controlled entity	1,720	384
	2,324	762

8. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS	LEASEHOLD IMPROVE-MENTS	PLANT AND EQUIPMENT	MOTOR VEHICLES	OFFICE FURNITURE & EQUIPMENT	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
Movement in net book value						
Balance at 1 July 2008	15,169	6,364	10,476	12,470	7,105	51,584
Additions from business acquisitions	-	13	715	823	143	1,694
Other additions	-	2,830	5,212	3,443	3,930	15,415
Disposals	-	-	(106)	(812)	(196)	(1,114)
Depreciation & ammortisation expense	(269)	(1,215)	(2,821)	(4,130)	(2,539)	(10,974)
Foreign currency translation	(122)	49	(32)	112	91	98
Balance at 1 July 2009	14,778	8,041	13,444	11,906	8,534	56,703
Reallocation to intangibles	-	-	-	-	(1,053)	(1,053)
Additions from business acquisitions	-	823	876	993	544	3,236
Other additions	-	1,540	3,566	1,930	4,228	11,264
Disposals	-	(327)	(450)	(727)	(54)	(1,558)
Depreciation expense	(238)	(1,479)	(2,803)	(3,498)	(3,048)	(11,066)
Foreign currency translation	(2,054)	(146)	(19)	(181)	(159)	(2,559)
Balance at 30 June 2010	12,486	8,452	14,614	10,423	8,992	54,967
Balances						
As at 30 June 2009						
Cost	15,098	11,255	27,207	18,718	16,612	88,890
Accumulated depreciation	(320)	(3,214)	(13,763)	(6,812)	(8,078)	(32,187)
Net book value	14,778	8,041	13,444	11,906	8,534	56,703
As at 30 June 2010						
Cost	12,982	12,855	30,271	18,341	19,379	93,828
Accumulated depreciation	(496)	(4,403)	(15,657)	(7,918)	(10,387)	(38,861)
Net book value	12,486	8,452	14,614	10,423	8,992	54,967

Included in the Group's motor vehicles at 30 June 2010 are assets under finance leases with a net book value of $3,338K (2009: $4,035K).

Depreciation expense is included in the line item 'Depreciation and amortisation expense' in the Income Statement and disclosed in note 33.

9. GOODWILL

	2010 $'000	2009 $'000
Net carrying amount		
Opening balance	413,763	402,971
Additional amounts recognised from :		
business acquisitions occurring during the year (note 26(a))	12,040	28,066
business acquisitions occurring in prior years	-	6,062
additional costs re prior year acquisitions	64	19
Reduction due to reassessment of contingent consideration for prior year acquisitions	(1,879)	(23,312)
Foreign currency translation	51	(43)
Closing balance	424,039	413,763
Allocation of goodwill to cash-generating units		
For impairment testing purposes the allocation is:		
Mechanical & Hydraulics	166,024	158,132
Electrical	59,989	59,947
Rotary	168,932	168,932
Services	29,094	26,752
	424,039	413,763

During the financial year, the Group assessed the recoverable amount of goodwill, and determined that no goodwill was impaired.

Key assumptions

The key assumptions used in the value in use calculations are as follows:

EBITDA

Budgeted EBITDA has been based on full year 2010/2011 expectations in light of past experience, short-term and long-term growth factors and expected efficiency improvements, which are consistent with the Group's plans for focusing business operations within each identified cash-generating unit. The Group expects forecast growth factors and efficiency improvements to be reasonably achievable over the value in use assessment period.

There is nil adjustment for depreciation/amortisation, as replacement capital expenditure is broadly in line with depreciation over the long-term.

Rotary EBITDA has been converted at an average FX exchange rate of A$1 equals GBP 0.57 over the value in use assessment period. This is above the long-term exchange rate of A$1 equals GBP 0.43 (last five years) and which, if used, would provide further increased recoverable excess above the carrying value.

9. GOODWILL (CONTINUED)

Key assumptions (continued)

Long-term growth rate	Five years of plan data has been used for the Group's value in use calculations. A long-term growth rate into perpetuity has been determined by reference to the nominal GDP rates and the long-term compound annual growth rate in EBITDA.
Discount factor	The discount rate applied to the cash flows of the Group's operations is based on the risk free rate for ten year bonds issued by the government in the respective market, where possible adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific Group's operations. In making this adjustment, inputs required are the equity market risk premium (that is the required increased return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the Group's operations relative to the market as a whole. In determining the discount factor, the Group has applied an adjustment for systematic risk to the Group's operations determined by reference to average betas determined as appropriate for the Group's specific industries, territories and market risk profile by independent economists. The Group has used a forward looking risk premium that takes into consideration the average equity market risk premium.

Sensitivity to changes in assumptions

Other than as disclosed below, the Company believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any cash generating unit to exceed its recoverable amount.

30 June 2010

The estimated recoverable amount of the Group's operations exceeded their carrying value in each identified cash-generating unit by approximately $645 million in aggregate.

The table below shows the key assumptions used in the value in use calculation:

	MECHANICAL & HYDRAULICS	ELECTRICAL	ROTARY	SERVICES
Recoverable amount exceeding carrying value	301,539	191,142	30,048	122,804
Discount factor	10.53%	10.53%	11.01%	10.53%
Long-term growth rate	3.5%	3.5%	3.5%	3.5%
Budgeted EBIT (1)	5.0%	6.6%	16.9%	15.0%

Notes: (1) Budgeted EBIT is expressed as the compound annual growth rates in the initial five years for all cash generating units of the plans used for impairment testing

9. GOODWILL (CONTINUED)

The amount by which each key assumption must change in isolation in order for the estimated recoverable amount to be equal to its carrying value is shown in the table below:

Sensitivity to changes in assumptions

30 June 2010 (continued)

	MECHANICAL & HYDRAULICS PPS[1]	ELECTRICAL PPS[1]	ROTARY PPS[1]	SERVICES PPS[1]
Discount factor	8.8	19.6	1.0	8.6
Long-term growth rate	(16.4)	(81.8)	(1.4)	(15.6)
Budgeted EBIT [2]	(20.8)	(32.4)	(2.9)	(20.2)

Notes: (1) The percentage points movement to the key assumption

(2) Budgeted EBIT is expressed as the compound annual growth rates in the initial five years for all cash generating units of the plans used for impairment testing

30 June 2009

The estimated recoverable amount of the Group's operations exceeded their carrying value in each identified cash-generating unit by approximately $551 million in aggregate.

The table below shows the key assumptions used in the value in use calculation:

	MECHANICAL & HYDRAULICS	ELECTRICAL	ROTARY	SERVICES	REFRIGERATION
Recoverable amount exceeding carrying value	$194m	$143m	$54m	$113m	$45m
Discount factor	10.66%	10.66%	10.43%	10.66%	10.66%
Long-term growth rate	3.5%	3.5%	3.5%	3.5%	3.5%
Budgeted EBIT [1]	3.4%	2.9%	14.2%	17.0%	5.3%

Notes: (1) Budgeted EBIT is expressed as the compound annual growth rates in the initial five years for all cash generating units of the plans used for impairment testing

The amount by which each key assumption must change in isolation in order for the estimated recoverable amount to be equal to its carrying value is shown in the table below:

	MECHANICAL & HYDRAULICS PPS	ELECTRICAL PPS	ROTARY PPS	SERVICES PPS	REFRIGERATION PPS
Discount factor	6.3	15.9	1.7	11.6	11.1
Long-term growth rate	(11.3)	(62.8)	(2.3)	(28.8)	(27.7)
Budgeted EBIT [2]	(15.1)	(27.5)	(5.5)	(25.9)	(22.5)

Notes: (1) The percentage points movement to the key assumption

(2) Budgeted EBIT is expressed as the compound annual growth rates in the initial five years for all cash generating units of the plans used for impairment testing

10. OTHER INTANGIBLE ASSETS

	SOFTWARE	BRAND NAMES	CUSTOMER CONTRACTS	TOTAL
	$'000	$'000	$'000	$'000
Movement in net book value				
Balance at 1 July 2008	3,366	7,662	1,409	12,437
Additions from internal developments	260	-	-	260
Other additions	3,742	-	-	3,742
Disposals	(18)	-	-	(18)
Amortisation expense	(1,712)	-	(278)	(1,990)
Foreign currency translation	29	-	13	42
Balance at 1 July 2009	5,667	7,662	1,144	14,473
Reallocation from property, plant & equipment	1,053	-	-	1,053
Additions from business acquisitions	6	-	-	6
Additions from internal developments	-	-	-	-
Other additions	1,711	-	-	1,711
Disposals	(32)	-	-	(32)
Amortisation expense	(2,219)	-	(213)	(2,432)
Foreign currency translation	(10)	-	8	(2)
Balance at 30 June 2010	6,176	7,662	939	14,777
Balances				
As at 30 June 2009				
Cost	10,195	7,662	1,479	19,336
Accumulated amortisation	(4,528)	-	(335)	(4,863)
Net book value	5,667	7,662	1,144	14,473
As at 30 June 2010				
Cost	12,583	7,662	1,479	21,724
Accumulated amortisation	(6,407)	-	(540)	(6,947)
Net book value	6,176	7,662	939	14,777

Amortisation expense is included in the line item 'Depreciation and amortisation expense' in the Income Statement and disclosed in note 33.

11. TRADE AND OTHER PAYABLES

	2010 $'000	2009 $'000
Trade payables	269,227	252,550
Amounts due to customers under construction contracts (see below)	3,173	18,416
Goods and services tax payable	9,006	4,818
Accruals and other payables	41,547	34,449
	322,953	310,233

	2010 $'000	2009 $'000
Construction contracts		
Construction work in progress	(2,130,874)	(2,111,055)
Progress billings and advances received	2,134,047	2,129,471
	3,173	18,416

12. BORROWINGS

Secured

	2010 $'000	2009 $'000
Current		
Bank overdrafts (i)	3,216	2,366
Bank loans (i)	3,266	2,188
Hire purchase contracts (ii)	1,566	1,975
Finance lease liabilities (iii) (note 24)	1,430	1,318
Total current borrowings	9,478	7,847
Non-current		
Bank loans (i)	258,827	245,755
Hire purchase contracts (ii)	2,144	2,967
Finance lease liabilities (iii) (note 24)	2,062	2,753
	263,033	251,475
Unsecured		
Non-current		
Loan from other related party (iv)	-	1,529
Total non-current borrowings	263,033	253,004

(i) Secured by a fixed and floating charge over all tangible assets of the wholly owned subsidiaries of the Group, the current market value of which exceeds the value of the loans.

(ii) Secured by the assets financed, the current market value of which exceeds the value of the liability.

(iii) Secured by the assets leased, the current market value of which exceeds the value of the liability.

(iv) Loan from Aquaheat Industries Ltd minority shareholder, repaid in May 2010

(v) All borrowings are shown at amortised cost

	2010 $'000	2009 $'000
13. FINANCING FACILITIES		
Secured bank overdraft facility, reviewed annually and payable at call:		
• amount used [(i)]	-	-
• amount unused	19,311	17,454
	19,311	17,454
Secured bank loan facilities with various maturity dates through to 2018 and which may be extended by mutual agreement:		
• amount used	262,093	247,943
• amount unused	148,670	135,286
	410,763	383,229

(i) The Group has an gross overdraft facility contracted by Hastie Holdings Pty Ltd, and although some company accounts in the Group were in overdraft these accounts are subject to an offset arrangement, being set-off against the positive bank balances in the group. As the positive balances exceeded the overdraft balances, the net overdraft facility used is shown as zero.

14. OTHER FINANCIAL LIABILITIES

	2010 $'000	2009 $'000
Current		
Interest rate swaps (note 29(d))	4,722	7,706
Contingent consideration for business acquisitions	1,761	5,938
	6,483	13,644
Non-current		
Contingent consideration for business acquisitions	1,967	1,331

15. PROVISIONS

	2010 $'000	2009 $'000
Current		
Employee benefits	42,895	36,255
Warranty	8,372	9,136
Other	2,172	980
	53,439	46,371
Non-current		
Employee benefits	2,905	2,402

15. PROVISIONS (CONTINUED)

Movement in provisions :

	WARRANTY $'000	OTHER $'000
Opening balance	9,136	980
Additional provisions recognised	8,508	1,665
Reductions due to payments	(2,996)	-
Reductions resulting from re-measurement or settlement without cost	(6,239)	(394)
Foreign currency translation	(37)	(79)
Closing balance	8,372	2,172

16. ISSUED CAPITAL

	2010 $'000	2009 $'000
Opening balance	290,093	208,035
Shares issued for cash consideration	-	76,914
Shares issued pursuant to dividend reinvestment plans	9,045	5,933
Shares issued pursuant to deferred consideration	-	1,050
Shares issued pursuant to exercise of rights	630	213
Share issue costs	(114)	(2,931)
Related income tax	34	879
Closing balance	299,688	290,093

	2010 No. '000	2009 No. '000
Fully paid ordinary shares		
Opening balance	234,085	162,877
Shares issued for cash consideration	-	66,881
Shares issued pursuant to dividend reinvestment plans	5,366	3,594
Shares issued pursuant to deferred consideration	-	600
Shares issued pursuant to exercise of rights	266	133
Closing balance	239,717	234,085

Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholders' meetings.

The issued shares do not have a par value.

16. ISSUED CAPITAL (CONTINUED)

Share options and performance rights

Executives have performance rights on issue over:

At 30 June 2010, 4,682,638 ordinary shares

At 30 June 2009, 2,697,787 ordinary shares

Included in the 2009 figure was 600,000 relating to the acquisition of Heyday Group.

17. RESERVES

	2010 $'000	2009 $'000
Equity Reserve	(1,337)	(1,337)
Foreign currency translation reserve	(2,597)	1,463
Deferred consideration equity reserve	-	1,050
Pension reserve	(1,368)	(936)
Employee equity-settled benefits reserve	1,715	1,897
Hedging reserve	(3,166)	(3,233)
	(6,753)	(1,096)

Equity reserve

Opening balance	(1,337)	(1,337)
Movement for the period	-	-
Closing balance	(1,337)	(1,337)

This reserve arises from changes in the ownership interests of the group's subsidiaries. Where the amount paid to acquire an additional ownership interest in a subsidiary is different to the aggregate of the additional goodwill so recognised and the non-controlling interest in the net assets of the subsidiary previously recognised in respect of that interest, the excess or deficiency is recognised directly in this reserve.

Foreign currency translation reserve

Opening balance	1,463	10
Translation of foreign operations	(4,060)	1,453
Closing balance	(2,597)	1,463

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Australian dollars are brought to account by entries made directly to this reserve.

Deferred consideration equity reserve

Opening balance	1,050	2,100
Shares purchased	(1,050)	-
Transfer to share capital	-	(1,050)
Closing balance	-	1,050

This reserve represented the fair value at award date of options granted to the vendors of an acquired business.

17. RESERVES (CONTINUED)

	2010 $'000	2009 $'000
Pension reserve		
Opening balance	(936)	(376)
Decline in value of pension plan assets	(432)	(560)
Closing balance	(1,368)	(936)

This reserve represents the change in fair value of the assets of a UK based defined benefit pension scheme for some employees of a business acquired in 2008. The scheme is closed to new members.

	2010 $'000	2009 $'000
Employee equity-settled benefits reserve		
Opening balance	1,897	1,295
Share-based payment	520	1,036
Transfer to share capital	(630)	(213)
Shares purchased	(72)	(221)
Closing balance	1,715	1,897

This reserve represents the fair value at award date of performance rights granted to managers of the Hastie Group and brought to account over the vesting period. Amounts are transferred out of the reserve when rights are vested.

	2010 $'000	2009 $'000
Hedging reserve		
Opening balance	(3,233)	4,404
Gain / (loss) on recognised :		
Forward exchange contracts	(2,789)	1,172
Interest rate swaps	2,984	(12,082)
Related deferred tax	(128)	3,273
Closing balance	(3,166)	(3,233)

This reserve represents hedging gains and losses recognised on the effective portion of cashflow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss.

18. RETAINED EARNINGS

	2010 $'000	2009 $'000
Opening balance	76,410	44,311
Profit attributable to owners of the parent	39,835	58,344
Dividends paid (note 21)	(23,511)	(26,245)
Closing balance	92,734	76,410

19. NON-CONTROLLING INTERESTS

	2010 $'000	2009 $'000
Opening balance	1,114	979
Profit attributable to non-controlling interests	743	354
Dividends paid	(298)	(219)
Closing balance	1,559	1,114

20. EARNINGS PER SHARE

(a) Earnings used in calculating earnings per share

	2010 $'000	2009 $'000
For both basic and diluted calculations the earnings used are:		
Profit attributable to owners of the parent	39,835	58,344

(b) Weighted average number of shares	No.'000	No.'000
Weighted average number of shares for basic EPS	236,228	180,329
Effect of dilution due to Performance Rights	4,187	2,693
Weighted average number of shares for diluted EPS	240,415	183,022

(c) Earnings per share	Cents	Cents
Basic	16.9	32.4
Diluted	16.6	31.9

21. DIVIDENDS

	2010		2009	
	Cents per share	Total $'000	Cents per share	Total $'000
Recognised amounts:				
Final dividend year ended 30 June 2008	-	-	9.0	14,713
Interim dividend year ended 30 June 2009	-	-	7.0	11,532
Final dividend year ended 30 June 2009	5.0	11,704	-	-
Interim dividend year ended 30 June 2010	5.0	11,807	-	-
		23,511		26,245

All dividends were fully franked at 30% tax rate.

21. DIVIDENDS (CONTINUED)

Unrecognized amounts:

In respect of the financial year ended 30 June 2010, the company has declared a final dividend of 4.0 cents per share franked to 100% at 30% corporate income tax rate. It is expected to be paid on 18 October 2010 to the holders of fully paid ordinary shares on the record date of 3 September 2010.

	2010 $'000	2009 $'000
Franking credits:		
Adjusted franking account balance	7,654	8,301
Impact on franking account balance of dividends not recognised	(4,109)	(5,016)

22. COMMITMENTS FOR EXPENDITURE

	2010 $'000	2009 $'000
Capital expenditure commitments	-	-

During the year, operations were commenced in China by way of a wholly owned subsidiary of Austral Refrigeration Pty Limited. As part of the licence requirements minimum levels of "start-up" funding were stipulated. At 30 June 2010, committed investments outstanding were $1.3M, which are to be funded by 1 February 2012. Subsequent to 30 June 2010, further amounts, totalling $1.1M, of the required funding requirements, have been transferred to the China operation.

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 24 to the financial statements.

23. CONTINGENT LIABILITIES

	2010 $'000	2009 $'000
Guarantees established in favour of the ANZ Banking Group, QBE Insurances, HSBC Aust, National Australia Bank, Bank of New Zealand, ANZ National Bank, Ulster Bank, Bank of Ireland, Halifax Bank of Scotland/Bank of Scotland International, Westpac Banking Corporation, Commonwealth Bank of Australia and HSBC ME for Guarantees issued to various clients for satisfactory contract performance, secured by cross guarantees from all wholly owned group members.	184,719	181,862
Facility limit in respect of:		
Performance guarantees / Advance payment guarantees	375,178	257,883
Financial guarantees	-	-
Total guarantee limit	375,178	257,883

During the normal course of business, entities within the Group incur normal contractors and product liability in relation to contracts which may include claims or litigation by or against the entities. Where the outcome is probable and can be reasonably quantified provision is made in these accounts. Although for many issues the ultimate outcome cannot be reliably determined, at the date of this report no material losses are expected.

24. LEASES

Finance leases

Leasing arrangements

Finance leases relate to motor vehicles and some plant and equipment with lease terms of between 3 to 5 years. The Group has options to purchase the assets at the conclusion of the lease agreements.

Finance lease liabilities

	MINIMUM FUTURE LEASE PAYMENTS		PRESENT VALUE OF MINIMUM FUTURE LEASE PAYMENTS	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Payable:				
Not later than 1 year	1,680	1,641	1,430	1,318
Later than 1 year but not later than 5 years	2,293	3,091	2,062	2,753
Minimum lease payments (i)	3,973	4,732	3,492	4,071
Less future finance charges	(481)	(661)	-	-
Present value of minimum lease payments	3,492	4,071	3,492	4,071

Included in the financial statements as: (note 12)		
Current borrowings	1,430	1,318
Non-current borrowings	2,062	2,753
	3,492	4,071

(i) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

Operating leases

Leasing arrangements

Operating leases relate to premises with lease terms of between 1 to 6 years, with options to extend for further periods, and motor vehicle leases with terms generally of 3 years.

The Group does not have an option to purchase the leased asset at the expiry of the lease period.

24. LEASES (CONTINUED)

Operating leases (continued)

	2010 $'000	2009 $'000
Non-cancellable operating lease payments - Premises		
Payable:		
Not later than 1 year	10,184	10,120
Later than 1 year but not later than 5 years	28,332	22,660
Later than 5 years	329	831
	38,845	33,611
Non-cancellable operating lease payments - Other		
Payable:		
Not later than 1 year	8,197	5,614
Later than 1 year but not later than 5 years	10,934	7,603
Later than 5 years	-	3
	19,131	13,220

25. SUBSIDIARIES

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2010 %	OWNERSHIP INTEREST 2009 %
A McFarlane & Company Limited	Northern Ireland	100%	100%
AFA Air Conditioning Pty Limited (i) (ii) (iii)	Australia	100%	100%
Airducter Pty Limited (i) (ii) (iii)	Australia	100%	100%
Ambient Engineering Solutions Pty Limited (iv)	Australia	-	100%
Aquaheat Industries Limited (i) (vi)	New Zealand	60%	60%
Aquaheat Property & Facility Services Limited (i)	New Zealand	100%	100%
Austral International Pty Limited (ii) (iii)	Australia	100%	100%
Austral Refrigeration (Qld) Pty Limited (ii) (iii)	Australia	100%	100%
Austral Refrigeration (Suzhou) Co., Ltd	China	100%	-
Austral Refrigeration Holdings Pty Limited (ii) (iii)	Australia	100%	100%
Austral Refrigeration Pty Limited (ii) (iii)	Australia	100%	100%
Beavis &Bartels Pty Limited (i) (ii) (iii)	Australia	100%	100%
Border Stainless Steel Pty Limited (i) (ii) (iii)	Australia	100%	100%
Comcool Refrigeration Pty Limited (ii)	Australia	100%	100%
Cooke & Carrick Pty Limited (i) (ii) (iii)	Australia	100%	100%
Cowley Koolhire Limited	New Zealand	100%	100%
D&E Air Conditioning Pty Limited (ii) (iii)	Australia	100%	100%
D&E Mechanical Services Pty Limited (i) (ii) (iii)	Australia	100%	100%
Direct Engineering Services Pty Limited (ii) (iii)	Australia	100%	100%
Direct Engineering Services Marine & Offshore Pte Ltd	Singapore	100%	100%

25. SUBSIDIARIES (CONTINUED)

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2010 %	OWNERSHIP INTEREST 2009 %
Emac Services Pty Limited (ii) (iii)	Australia	100%	100%
Gordon Brothers Industries Pty Limited (ii) (iii)	Australia	100%	100%
Gordon Refrigeration Limited	England	100%	100%
GTS Plumbing (Qld) Pty Limited (i) (ii) (iii)	Australia	100%	100%
Hastie Air Conditioning Pty Limited (ii)	Australia	100%	100%
Hastie Air Conditioning (ACT) Pty Limited (i) (ii) (iii)	Australia	100%	100%
Hastie Australia Pty Limited (ii) (iii)	Australia	100%	100%
Hastie Group Services Pty Limited (ii) (iii)	Australia	100%	100%
Hastie Engineering Services Private Limited (i)	India	100%	100%
Hastie Finco Pty Limited (i) (ii) (iii)	Australia	100%	100%
Hastie Holdings Pty Limited (ii) (iii)	Australia	100%	100%
Hastie India Pty Limited (i) (ii) (iii)	Australia	100%	100%
Hastie International Pty Limited (ii) (iii)	Australia	100%	100%
Hastie International Qatar LLC (vii)	Qatar	49%	-
Hastie Mechanical Services Pty Limited (ii) (iii)	Australia	100%	100%
Hastie New Zealand Limited	New Zealand	100%	100%
Hastie Saudi Arabia Pty Limited (i) (ii) (iii)	Australia	100%	100%
Hastie Oman LLC	Oman	100%	100%
Hastie Services Pty Limited (ii) (iii)	Australia	100%	100%
Hastie Services Limited (v)	New Zealand	100%	100%
Hastie (UK) Limited (i)	England	100%	100%
Heyday Group Pty Limited (i) (ii) (iii)	Australia	100%	100%
Interfridge Limited	New Zealand	100%	100%
James + More Pty Limited	Australia	100%	-
Kysor Warren Australia Pty Limited (ii)	Australia	100%	100%
Lawrence Refrigeration Pty Limited (ii)	Australia	100%	100%
Longley Mechanical Services Pty Limited (ii) (iii)	Australia	100%	100%
M&H Air Conditioning Pty Limited (ii) (iii)	Australia	100%	100%
Medical Gases Pty Limited (ii) (iii)	Australia	100%	100%
Nisbet & Durney Pty Limited (i) (ii) (iii)	Australia	100%	100%
Norfolk Maintenance Holdings Pty Limited (ii) (iii)	Australia	100%	100%
North Sea Ventilation Limited	England	100%	100%
NSV Engineering Limited	England	100%	100%
Optimus Pty Limited (ii) (iii)	Australia	100%	100%
Oscartielle Refrigeration Limited	New Zealand	100%	100%
Project Piping Limited	New Zealand	100%	80%
QAL Refrigeration (WA) Pty Limited	Australia	100%	100%
RLH (Gibraltar) Limited	Gibraltar	100%	100%
Rotary Limited	Northern Ireland	100%	100%

25. SUBSIDIARIES (CONTINUED)

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2010 %	OWNERSHIP INTEREST 2009 %
Rotary Australia Limited (i) (ii) (iii)	Australia	100%	100%
Rotary Facilities Management Limited	Northern Ireland	100%	100%
Rotary Firematic Limited	Northern Ireland	100%	100%
Rotary (Gibraltar) Limited	Gibraltar	100%	100%
Rotary (Gulf) Limited	Northern Ireland	100%	100%
Rotary (Hong Kong) Limited	Hong Kong	100%	100%
Rotary Humm (M&E) Services Limited	Northern Ireland	100%	100%
Rotary (International)Limited	Northern Ireland	100%	100%
Rotary M & E Services (Ireland) Limited	Republic of Ireland	100%	100%
Rotary Northern Limited	England	100%	100%
Rotary North West Limited	England	100%	100%
Rotary (Scotland) Limited	Scotland	100%	100%
Rotary Services Limited	Northern Ireland	100%	100%
Rotary Southern Limited	England	100%	100%
Rotary Yorkshire Limited	England	100%	100%
Sharp & Pendrey Pty Limited (ii) (iii)	Australia	100%	100%
Sharp & Pendrey Services Pty Limited (ii) (iii)	Australia	100%	100%
Sharpen Engineering Pty Limited (ii) (iii)	Australia	100%	100%
Techni Doors Pty Limited (ii)	Australia	100%	100%
Thor Australia Pty Limited (iv)	Australia	-	100%
Watters Electrical (Aust) Pty Limited (i)(ii)(iii)	Australia	100%	100%

(i) These companies are direct subsidiaries of Hastie Group Limited.

(ii) These companies are members of the tax consolidated group, of which Hastie Group Limited is the head entity.

(iii) These wholly-owned Australian subsidiaries have entered into a deed of cross guarantee with Hastie Group Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare or lodge audited financial statements.

(iv) Dormant company now liquidated

(v) Formerly Cowley Refrigeration Limited

(vi) In accordance with clause 6.3 of the Shareholders' Agreement, the Vendor has provided written notice to Hastie Group Limited to exercise the Put Option in place on the remaining 40% of shares in Aquaheat Industries Limited. Accordingly, this will occur as soon as practical after the approval and publication of the audited Annual Financial Report for the year ended 30 June 2010 of Hastie Group Limited. The amount ultimately payable will be calculated based on the audited financial results of Aquaheat Industries Limited for the relevant periods. The amount payable of NZ$6,384K has not been processed to liabilities at balance date.

(vii) Whilst the Group owns less than 50% of the shares, pursuant to the management agreement, it controls the Board and management of the entity and is entitled to 99% of its results. Therefore, the results of the entity have been included in the consolidated results for the Group on a proportional basis.

25. SUBSIDIARIES (CONTINUED)

The consolidated income statement and statement of financial position of entities which are party to the deed of cross guarantee are:

	2010 $'000	2009 $'000
Income statement		
Revenue	1,218,810	1,220,832
Finance costs	(23,473)	(22,801)
Other expenses	(1,156,716)	(1,139,408)
Profit before tax	38,621	58,623
Income tax expense	(5,947)	(7,330)
Profit for the year	32,674	51,293
Other comprehensive income	67	(7,637)
Total comprehensive income for the year	32,741	43,656
Retained earnings		
Opening balance	59,796	34,748
Net profit	32,674	51,293
Dividends paid	(23,511)	(26,245)
Closing balance	68,959	59,796
Statement of financial position		
Current assets		
Cash	54,625	60,859
Trade and other receivables	366,382	327,599
Inventories	29,589	24,682
Prepayments	7,817	6,816
Other financial assets	1,022	3,088
Total current assets	459,435	423,044
Non-current assets		
Property, plant and equipment	36,346	34,634
Deferred tax assets	24,449	19,716
Goodwill	246,943	237,207
Other intangible assets	5,668	5,136
Other financial assets	82,736	81,145
Total non-current assets	396,142	377,838
Total assets	855,577	800,882

25. SUBSIDIARIES (CONTINUED)

	2010 $'000	2009 $'000
Current liabilities		
Trade and other payables	199,883	182,465
Borrowings	2,591	2,912
Current tax liabilities	4,010	3,862
Provisions	49,915	42,779
Other financial liabilities	6,483	13,644
Total current liabilities	262,882	245,662
Non-current liabilities		
Borrowings	221,334	202,038
Provisions	2,905	2,402
Other financial liabilities	1,967	1,331
Total non-current liabilities	226,206	205,771
Total liabilities	489,088	451,433
Net assets	366,489	349,449
Equity		
Issued capital	299,688	290,093
Reserves	(2,158)	(440)
Retained earnings	68,959	59,796
Total equity	366,489	349,449

26. BUSINESS ACQUISITIONS

(a) Acquisitions during 2010:

NAMES OF BUSINESSES ACQUIRED	PRINCIPAL ACTIVITY	DATE OF ACQUISITION	PROPORTION OF SHARES ACQUIRED (%)	COST OF ACQUISITION $'000
Spectrum Fire & Security	Fire & security services	4 May 10	100% of business assets	7,000
Cool-it	Air conditioning installation & service	20 Oct 09	100% of business assets	6,361
Godfrey	Hydraulic services	1 Jul 09	100% of business assets	3,680
James + More	Air conditioning service	17 Nov 09	100%	2,491
A E Smith	Air conditioning service	1 Oct 09	100% of business and related contracts	522
				20,054

26. BUSINESS ACQUISITIONS (CONTINUED)

	SPECTRUM	COOL-IT	GODFREY	JAMES + MORE	A E SMITH	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
Cost of acquisition comprises:						
Cash	7,000	4,500	3,680	1,500	363	17,043
Contingent consideration to be paid in cash	-	1,861	-	991	159	3,011
Total	7,000	6,361	3,680	2,491	522	20,054

Net cash outflow on acquisition:	
Cash consideration	17,043
Add net overdraft balances acquired	687
	17,730

ASSETS ACQUIRED & LIABILITIES ASSUMED	SPECTRUM	COOL-IT	GODFREY	JAMES + MORE	A E SMITH	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
Cash	4	(377)	-	(314)	-	(687)
Trade and other receivables	16,720	3,134	388	2,168	-	22,410
Inventories	559	252	39	378	-	1,228
Property, plant and equipment	1,746	408	213	859	16	3,242
Deferred tax assets	1,741	73	113	112	-	2,039
Prepayments	395	17	-	66	38	516
Trade and other payables	(8,328)	(2,346)	(737)	(1,133)	-	(12,544)
Borrowings	-	(314)	-	(1,178)	-	(1,492)
Current tax payables	-	-	-	6	-	6
Provisions	(4,258)	(162)	(376)	(310)	(19)	(5,125)
Net assets at date of acquisition	8,579	685	(360)	654	35	9,593
Goodwill arising on acquisition	-	5,676	4,040	1,837	487	12,040
Gain on acquisition	(1,579)	-	-	-	-	(1,579)
Cost of acquisition	7,000	6,361	3,680	2,491	522	20,054

26. BUSINESS ACQUISITIONS (CONTINUED)

The acquired Trade and Other Receivables as above include the following:

	GROSS CONTRACTUAL AMOUNTS $'000	AMOUNTS NOT EXPECTED TO BE COLLECTED $'000
Spectrum	18,513	1,793
Cool-it	3,134	-
Godfrey	388	-
James + More	2,277	109
	24,312	1,902

	$'000
Acquisition-related costs expensed:	
Re the above acquisitions	1,689
Other	465
	2,154

In each acquisition, the Group has paid a premium above net assets for the acquiree as it believes the acquisitions will introduce additional synergies to its existing operations, revenue growth, future market development and assembled workforces. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

The 2010 results include the following for three of the businesses acquired during the year:

	REVENUE $'000	EBIT CONTRIBUTION $'000
Spectrum	17,709	(207)
Cool-it	12,579	857
James + More	9,768	903

Had these business acquisitions been affected 1 July 2009, the estimated revenue of the Group would have been $1,790M, and the estimated EBIT $72M. The directors of the Group consider these estimated numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and provide a reference point for comparison for future periods, but note that the acquired businesses were not under Hastie Group guidance or management during the pre-acquisition periods.

The Godfrey business has been integrated into the Cooke & Carrick unit of the Mechanical & Hydraulics Division, and the A E Smith business has been integrated into the Hastie Services NZ unit of the Services Division, and separate figures are therefore not available for these businesses.

26. BUSINESS ACQUISITIONS (CONTINUED)

(b) Acquisitions during 2009:

NAMES OF BUSINESSES ACQUIRED	PRINCIPAL ACTIVITY	DATE OF ACQUISITION	PROPORTION OF SHARES ACQUIRED (%)	COST OF ACQUISITION $'000
Nisbet & Durney	Hydraulic services	16 Jul 08	100%	18,905
Air Ducter	Air conditioning installation & service	22 Jul 08	100% of business assets	7,097
AFA Air Conditioning	Air conditioning installation & service	1 Jul 08	100% of business assets	1,769
Carlton Sheetmetal	Air conditioning installation	19 Dec 09	100% of business assets	1,863
				29,634

	NISBET & DURNEY	AIR DUCTER	AFA	CARLTON	TOTAL
	$'000	$'000	$'000	$'000	$'000
Cost of acquisition comprises:					
Cash	15,987	3,600	700	1,559	21,846
Contingent consideration to be paid in cash	1,818	3,032	845	50	5,745
Other costs of acquisition	1,100	465	224	254	2,043
Total	18,905	7,097	1,769	1,863	29,634

Net cash outflow on acquisition:	
Cash consideration	23,889
Less cash balances acquired	(2,648)
	21,241

26. BUSINESS ACQUISITIONS (CONTINUED)

ASSETS ACQUIRED & LIABILITIES ASSUMED	NISBET & DURNEY $'000	AIR DUCTER $'000	AFA $'000	CARLTON $'000	TOTAL $'000
Cash	2,148	500	-	-	2,648
Trade and other receivables	3,292	-	828	-	4,120
Inventories	(115)	(380)	(89)	-	(584)
Investments	44	-	-	-	44
Property, plant and equipment	388	541	145	620	1,694
Deferred tax assets	220	79	-	-	299
Prepayments	15	70	-	-	85
Trade and other payables	(3,500)	-	(975)	(500)	(4,975)
Borrowings	-	(255)	-	-	(255)
Current tax payables	(390)	-	(15)	-	(405)
Provisions	(469)	(262)	-	(372)	(1,103)
Net assets at the date of acquisition	1,633	293	(106)	(252)	1,568
Goodwill arising on acquisition					28,066
Cost of acquisition					29,634

The 2009 results included the following for the businesses acquired during 2009:

	REVENUE $'000	EBIT CONTRIBUTION $'000
Nisbet & Durney	18,376	1,125
Air Ducter	14,270	701
AFA	5,130	179
Carlton Sheetmetal	-	-

27. JOINTLY CONTROLLED OPERATIONS AND ASSETS

NAME OF ENTITY	PRINCIPAL ACTIVITY	OUTPUT INTEREST 2010 %	OUTPUT INTEREST 2009 %
Kens JV	Installation of air conditioning systems	50	50
Parramatta Justice Centre JV	Installation of air conditioning systems	50	50
Wellington Hospital JV	Installation of air conditioning systems	50	50
Romaha JV	Maintenance of vehicle testing facilities	50	50
RK JV	Installation of building services	50	50
BKG Atlantis JV	Installation of building services	20	20
Zayad University JV	Installation of building services	50	50
Dubai Festival City JV	Installation of building services	50	-
Duhail & Umm JV	Installation of building services	50	-
Traders' Hotel	Installation of building services	50	-

The Group's interest in assets employed in the above jointly controlled operations is detailed below, and these amounts are included in the consolidated financial statements under their respective asset categories:

	2010 $'000	2009 $'000
Current assets		
Cash	7,963	4,858
Receivables	15,727	15,187
Inventories	127	148
Total current assets	23,817	20,193
Total assets	23,817	20,193

Contingent liabilities

The contingent liabilities arising from the Group's interests in joint ventures are included in note 23.

28. CASH FLOWS

	2010 $'000	2009 $'000
(a) Reconciliation of profit for the year to net cash flows from operating activities		
Profit for the year	40,578	58,698
Gain on sale of property, plant and equipment	(243)	(222)
Depreciation and amortisation	13,498	12,964
Interest received	(1,009)	(3,565)
Interest and other finance costs paid	20,931	24,491
Equity settled share-based payment	520	1,036
Non-cash interest expense	463	595
Foreign exchange (gain)/loss	252	(284)
Increase in current tax liability	649	2,278
(Increase)/Decrease in deferred tax asset	986	(3,628)
Movements in working capital, net of effects from business acquisitions:		
(Increase)/decrease in assets:		
Trade and other receivables	(80,172)	19,051
Inventories	8,161	(5,237)
Prepayments	(354)	2,690
Increase/(decrease) in liabilities:		
Trade and other payables	44,591	(78,359)
Provisions	2,758	4,519
Net cash generated by operating activities	51,609	35,027

(b) Non-cash financing

During the year the Group acquired $427K of equipment under finance lease facilities. This acquisition will be reflected in the cash flow statement over the terms of the finance leases via lease repayments.

During the year $9,045K (2009: $5,933K) of shares were issued pursuant to the Dividend Reinvestment Plan.

(c) Repayment of borrowings

In June 2009 the Group applied $64 million of the proceeds of the Rights Issue to repay borrowings.

29. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Group's finance function provides services to the business, co-ordinates access to domestic financial markets, and manages the financial risks relating to the operations of the Group.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives. Compliance with policies and exposure limits is reviewed on a continuous basis.

(b) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign currency risk, in particular foreign currency forward sale and purchase contracts and interest rate swaps.

(c) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the reporting date is as follows:

	LIABILITIES		ASSETS	
	2010 FC'000	2009 FC'000	2010 FC'000	2009 FC'000
NZD	8,108	6,961	-	-
GBP	53,735	43,109	-	-
AED	49,358	48,181	316,466	-
SGD	293	288	-	955
USD	-	-	1,892	2,566
INR	13,546	20,156	-	-
OMR	330	187	-	-
QAR	2,452	-	-	-

Forward currency sensitivity

At reporting date, if the Australian dollar had been 5% higher or lower against all other currencies with all other variables held constant:

- the Group's after tax profit for the year would increase/decrease by $1,245K (2009: $1,123K)
- equity would increase / decrease by $1,093K (2009: $1,143K)

Forward foreign exchange contracts

It is Group policy to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts for purchase or sales commitments greater than Australian dollars 20,000 in value, which are designated as cash flow hedges.

29. FINANCIAL INSTRUMENTS (CONTINUED)

This table details the forward foreign currency contracts outstanding as at reporting date:

OUTSTANDING CONTRACTS (AUD)	AVERAGE EXCHANGE RATE		FOREIGN CURRENCY		CONTRACT VALUE		FAIR VALUE	
	2010	2009	2010 FC'000	2009 FC'000	2010 AU$'000	2009 AU$'000	2010 AU$'000	2009 AU$'000
Buy British Pound								
Less than 3 months	0.4291	0.4496	64	679	148	1,511	(34)	(114)
3 to 6 months	0.5510	0.4455	228	1,032	414	2,316	(6)	(174)
Buy Singapore Dollar								
Less than 3 months	-	1.1123	-	1,563	-	1,406	-	(67)
6 to 12 months	-	1.1310	-	29	-	25	-	(1)
Sell Singapore Dollar								
Less than 3 months	-	1.1475	-	451	-	393	-	7
3 to 6 months	-	1.1697	-	34	-	29	-	(1)
6 to 12 months	-	1.1252	-	1,665	-	1,480	-	24
Buy US Dollar								
Less than 3 months	0.8643	0.7362	1,229	1,365	1,422	1,854	35	(164)
3 to 6 months	0.8174	0.6849	837	527	1,024	759	(26)	(110)
6 to 12 months	-	0.6531	-	134	-	206	-	(36)
12+ months	0.8636	-	401	-	465	-	29	-
Sell US Dollar								
Less than 3 months	0.7015	0.7437	2,486	10,480	3,544	14,092	600	1,123
3 to 6 months	0.7589	0.6405	2,912	6,494	3,836	10,139	349	2,037
6 to 12 months	0.8548	0.6093	324	1,790	379	2,938	(17)	693
12+ months	0.8572	-	1,188	-	1,386	-	(74)	-
Buy Euro								
Less than 3 months	0.5654	0.5293	157	589	278	1,113	(51)	(82)
3 to 6 months	0.5434	0.5542	738	448	1,358	808	(279)	(21)
6 to 12 months	-	0.5464	-	540	-	988	-	(27)
12+ months	0.6493	-	180	-	277	-	(2)	-
Sell Euro								
Less than 3 months	0.6785	0.5584	92	33	136	59	2	1
							526	3,088

29. FINANCIAL INSTRUMENTS (CONTINUED)

OUTSTANDING CONTRACTS (NZD)	AVERAGE EXCHANGE RATE 2010	2009	FOREIGN CURRENCY 2010 FC'000	2009 FC'000	CONTRACT VALUE 2010 NZ$'000	2009 NZ$'000	FAIR VALUE 2010 NZ$'000	2009 NZ$'000
Buy Euro								
Less than 3 months	0.5393	-	103	-	190	-	(5)	-
3 to 6 months	0.5650	-	41	-	73	-	3	-
Buy US Dollar								
Less than 3 months	0.7068	-	324	-	459	-	9	-
Buy Australian Dollar								
Less than 3 months	0.8085	-	105	-	130	-	(1)	-
							6	-

OUTSTANDING CONTRACTS (USD)	AVERAGE EXCHANGE RATE 2010	2009	FOREIGN CURRENCY 2010 FC'000	2009 FC'000	CONTRACT VALUE 2010 US$'000	2009 US$'000	FAIR VALUE 2010 US$'000	2009 US$'000
Buy Australian Dollar								
Less than 3 months	0.8254	-	17,000	-	14,032	-	419	-
							419	-

As at reporting date the aggregate amount of unrealised gain under forward foreign exchange contracts deferred in the hedging reserve relating to these anticipated future transactions is $1,022K.

The earnings and net assets of overseas subsidiaries are not hedged.

(d) Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the use of interest rate swap contracts. It is Group policy to enter into interest rate swap contracts to cover specific interest rate exposure for at least 50% of the aggregate exposure for the subsequent two year period.

At reporting date the Group had the following interest rate exposure:

	2010 WEIGHTED AVERAGE INTEREST RATE %	2010 BALANCE $'000	2009 WEIGHTED AVERAGE INTEREST RATE %	2009 BALANCE $'000
Bank loans	6.3%	262,093	6.8%	247,943
Bank overdrafts	1.3%	3,216	3.8%	2,366
Cash	1.3%	(84,051)	3.8%	(89,965)
Interest rate swaps (notional principal amount)	5.2%	(150,298)	5.3%	(261,050)
Net exposure to cash flow interest rate risk		30,960		(100,706)

29. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate sensitivity

At reporting date, if interest rates had been 5% higher or lower with all other variables held constant:

- the Group's after tax profit for the year would decrease / increase by $458K (2009: $641 K), mainly due to interest rates on its variable rate borrowings.
- equity would increase / decrease by $71K (2009: $958K) arising from the interest rate swaps.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below.

This table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

		CONTRACTED FIXED BASE INTEREST RATE		NOTIONAL PRINCIPAL AMOUNT		FAIR VALUE	
OUTSTANDING FLOATING FOR FIXED CONTRACTS		2010 %	2009 %	2010 $'000	2009 $'000	2010 $'000	2009 $'000
AUD Swaps	Less than 1 year	3.22%	5.50	60,000	105,000	799	(1,865)
	1 to 2 years	-	3.22	-	60,000	-	672
	2 to 5 years	7.41%	7.41	55,000	55,000	(3,410)	(4,160)
GBP Swaps	Less than 1 year	5.03%	-	17,649	-	(539)	-
	1 to 2 years	-	5.03	-	20,525	-	(1,073)
	2 to 5 years	5.03%	5.03	17,649	20,525	(1,572)	(1,280)
						(4,722)	(7,706)

Interest rate swap contracts exchanging floating rate interest for fixed rate interest are designated and effective as cash flow hedges in respect of interest rates.

(e) Price risk

The Group has no exposure to equity securities price risk.

The Group's exposure to commodity price risk is immaterial.

29. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade accounts receivable consist of a large number of customers, spread across diverse industries and geographical areas and therefore, the group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The credit risk on trade and other receivables have been detailed in note 5.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(g) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Note 13 shows the additional undrawn financing facilities that the Group has at its disposal to further reduce liquidity risk

29. FINANCIAL INSTRUMENTS (CONTINUED)

Maturity of financial liabilities

These tables detail the remaining contractual maturity for the financial liabilities and have been drawn up based on the contractual undiscounted cash flows, includes future interest payable and is based on the remaining period at the balance date to the contractual maturity date.

	LESS THAN 1 YEAR	1-2 YEARS	2-3 YEARS	3-4 YEARS	4-5 YEARS	5+ YEARS	TOTAL CONTRACTUAL CASH FLOWS
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2010 Non – derivatives							
Trade payables	311,997	-	-	-	-	-	311,997
Bank overdraft	3,216	-	-	-	-	-	3,216
Bank loans	16,738	19,970	180,335	86,922	408	6,432	310,805
Hire purchase contracts	1,765	1,186	616	477	59	-	4,103
Finance lease liabilities	1,680	1,083	762	403	45	-	3,973
Other loans	-	-	-	-	-	-	-
	335,396	22,239	181,713	87,802	512	6,432	634,094
Derivatives	2,947	2,025	1,758	-	-	-	6,730
	338,343	24,264	183,471	87,802	512	6,432	640,824
2009 Non – derivatives							
Trade payables	286,999	-	-	-	-	-	286,999
Bank overdraft	2,366	-	-	-	-	-	2,366
Bank loans	18,006	103,579	10,070	160,342	484	11,935	304,416
Hire purchase contracts	2,317	1,880	774	360	299	-	5,630
Finance lease liabilities	1,641	1,306	851	668	266	-	4,732
Other loans	122	122	1,651	-	-	-	1,895
	311,451	106,887	13,346	161,370	1,049	11,935	606,038
Derivatives	5,582	2,072	861	338	-	-	8,853
	317,033	108,959	14,207	161,708	1,049	11,935	614,891

29. FINANCIAL INSTRUMENTS (CONTINUED)

(h) Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

Fair value measurement

The fair value of financial instruments and the methods used to estimate the fair values are as follows:

Level 1 - The fair value is calculated using quoted prices in active markets for identical instruments

Level 2 - The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable, either directly (as prices) or indirectly (derived from prices)

Level 3 - The fair value is estimated using inputs that are not based on observable market data

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
2010				
Derivative Financial Assets				
Forward exchange contracts	-	1,022	-	1,022
Derivative Financial Liabilities				
Interest rate swaps	-	(4,721)	-	(4,721)
2009				
Derivative Financial Assets				
Forward exchange contracts	-	3,088	-	3,088
Derivative Financial Liabilities				
Interest rate swaps	-	(7,706)	-	(7,706)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balances.

The Group's overall strategy remains unchanged from 2009. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 12, cash and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in notes 16, 17 and 18, respectively.

30. PERFORMANCE RIGHTS

This table indicates the series of Performance Rights in existence during the current and previous financial years:

SERIES	NO. OF RIGHTS	GRANT DATE	EXPIRY/ EXERCISE DATE	EXERCISE PRICE $	FAIR VALUE AT DATE OF GRANT $
Series A	323,193	31 Mar 2005	1 Jul 2010	-	297,283
Series B	280,130	21 Oct 2005	11 Aug 2010	-	380,845
Series D	794,852	11 Oct 2006	11 Oct 2010	-	1,365,690
Series E	1,230,000	7 Sep 2006	4 Sep 2011	-	2,074,950
Series F	24,236	20 Feb 2007	11 Oct 2010	-	62,195
Series G	579,699	29 Nov 2007	29 Nov 2012	-	1,890,003
Series H	118,540	29 Nov 2007	29 Nov 2012	-	260,454
Series I	74,490	30 Nov 2008	30 Nov 2013	-	37,525
Series J	1,034,545	21 Nov 2008	21 Nov 2013	-	701,410
Series K	60,000	19 Dec 2008	19 Dec 2013	-	25,070
Series L	3,447,078	6 Nov 2009	31 Oct 2013	-	3,671,191
Series M	212,254	25 Jan 2010	31 Oct 2013	-	331,467

Performance rights carry no rights to dividends and no voting rights.

In accordance with their Plan, Performance Rights may be exercised at any time from the date of satisfaction of the vesting criteria ("vesting conditions") to the date of their expiry.

30. PERFORMANCE RIGHTS (CONTINUED)

This table reconciles the number of outstanding Performance Rights at the beginning and end of the financial years:

SERIES	OPENING BALANCE No.	GRANTED No.	EXERCISED No.	LAPSED No.	ADJUST[1]	CLOSING BALANCE No.
2010						
Series B	7,737	-	(4,429)	-	551	3,859
Series D	280,485	-	(140,767)	(96,866)	16,228	59,080
Series E	630,000	-	(673,452)	-	43,452	-
Series F	6,868	-	(3,581)	(3,582)	295	-
Series G	488,000	-	(105,587)	(389,932)	29,688	22,169
Series H	118,540	-	(19,971)	(39,942)	1,284	59,911
Series I	74,490	-	-	(79,630)	5,140	-
Series J	1,031,667	-	-	(115,388)	55,397	971,676
Series K	60,000	-	-	-	4,152	64,152
Series L	-	3,447,078	-	(157,541)	-	3,289,537
Series M	-	212,254	-	-	-	212,254
Total	2,697,787	3,659,332	(947,787)	(882,881)	156,187	4,682,638

Notes: (1) Adjustment for the effect of 1 for 14.5 rights issue entitlement 6 August 2009

SERIES	OPENING BALANCE No.	GRANTED No.	EXERCISED No.	LAPSED No.	ADJUST	CLOSING BALANCE No.
2009						
Series A	53,451	-	(53,451)	-	-	-
Series B	68,597	-	(60,860)	-	-	7,737
Series D	474,800	-	(189,096)	(5,219)	-	280,485
Series E	1,230,000	-	(600,000)	-	-	630,000
Series F	13,736	-	(6,868)	-	-	6,868
Series G	511,163	-	-	(23,163)	-	488,000
Series H	118,540	-	-	-	-	118,540
Series I	-	74,490	-	-	-	74,490
Series J	-	1,034,545	-	(2,878)	-	1,031,667
Series K	-	60,000	-	-	-	60,000
Total	2,470,287	1,169,035	(910,275)	(31,260)	-	2,697,787

30. PERFORMANCE RIGHTS (CONTINUED)

Details of Performance Rights exercised during the year:

SERIES	NO. OF RIGHTS EXERCISED & SHARES ISSUED	EXERCISE DATE	EXERCISE PRICE $	FAIR VALUE OF SHARES AT DATE OF GRANT $
2010				
Series D	4,429	20 Nov 2009	-	7,042
Series D	125,076	13 Nov 2009	-	239,057
Series D	2,832	20 Nov 2009	-	5,324
Series D	1,699	27 Nov 2009	-	3,194
Series D	8,700	4 Dec 2009	-	16,507
Series D	2,460	10 Feb 2010	-	4,625
Series E	641,380	11 Aug 2009	-	1,116,001
Series E	32,072	13 Nov 2009	-	54,522
Series F	3,581	13 Nov 2009	-	6,732
Series G	88,503	13 Nov 2009	-	323,036
Series G	7,032	20 Nov 2009	-	25,667
Series G	4,116	27 Nov 2009	-	15,023
Series G	4,105	4 Dec 2009	-	14,983
Series G	1,831	10 Feb 2010	-	6,683
Series H	16,667	13 Nov 2009	-	60,835
Series H	3,304	27 Nov 2009	-	12,060
Total				1,911,291

30. PERFORMANCE RIGHTS (CONTINUED)

SERIES	NO. OF RIGHTS EXERCISED & SHARES ISSUED	EXERCISE DATE	EXERCISE PRICE $	FAIR VALUE OF SHARES AT DATE OF GRANT $
2009				
Series A	19,740	8 Dec 2008	-	13,090
Series A	33,711	14 Jan 2009	-	22,354
Series B	28,566	5 Dec 2008	-	32,011
Series B	32,294	14 Jan 2009	-	36,189
Series D	45,230	5 Dec 2008	-	86,096
Series D	31,500	8 Dec 2008	-	62,220
Series D	112,366	14 Jan 2009	-	213,229
Series E	600,000	3 Oct 2008	-	1,115,640
Series F	6,868	5 Dec 2008	-	19,557
Total				1,600,386

The valuation model utilised to value the Performance Rights is the Black-Scholes and Barrier Pricing model. The tables below identify the model input assumptions:

INPUTS INTO THE MODEL	SERIES A	SERIES B	SERIES D	SERIES E
Life of the Performance Right (in days)	1,918	3,581	1,826	1,823
Price of underlying shares at date of issue	$ 1.48	$ 1.91	$ 2.28	$ 2.03
Expected volatility of the share price	22.11%	21.74%	36.62%	36.83%
Dividends expected on the shares	6.97%	6.97%	4.54%	4.54%
Risk free interest rate for the life of Performance Right	5.36%	5.31%	5.86%	5.86%

INPUTS INTO THE MODEL	SERIES F	SERIES G	SERIES H	SERIES I
Life of the Performance Right (in days)	1,329	1,827	1,827	1,826
Price of underlying shares at date of issue	$ 3.09	$ 4.35	$ 4.35	$ 1.25
Expected volatility of the share price	34.31%	34.46%	34.46%	44.00%
Dividends expected on the shares	6.00%	3.19%	3.19%	16.00%
Risk free interest rate for the life of Performance Right	5.86%	6.31%	6.31%	3.80%

INPUTS INTO THE MODEL	SERIES J	SERIES K	SERIES L	SERIES M
Life of the Performance Right (in days)	1,826	1,826	1,341	1,268
Price of underlying shares at date of issue	$ 1.45	$ 1.11	$ 2.01	$ 1.99
Expected volatility of the share price	44.00%	44.00%	50.00%	50.00%
Dividends expected on the shares	13.00%	18.00%	6.10%	6.90%
Risk free interest rate for the life of Performance Right	4.00%	3.50%	5.20%	4.90%

31. KEY MANAGEMENT PERSONNEL COMPENSATION

Details of key management personnel

The directors and other members of key management personnel of the company and the Group during the year were:

Mr Trevor Bourne	Chairman (non-executive)
Mr David Harris	Group Managing Director & CEO
Mr Phillip Anderson	Director (non-executive)
Mr David Martin	Director (non-executive)
Mr Harry Boon	Director (non-executive)
Mr John Gaskell	Director (non-executive)
Mr Chris Woodward	Finance Director
Mr Robert Galvin	CEO Mechanical and Hydraulics Division
Mr Joe Farrugia	CEO Services Division
Mr David Hammond	CEO Electrical Division
Mr Phill Laidlaw	CEO UK Operations
Mr Jerry Collins	CEO Republic of Ireland and International Operations

Key management personnel compensation

The aggregate of compensation is:

	2010 $	2009 * $
Short-term employee benefits	3,750,004	4,673,027
Post-employment benefits	275,039	386,622
Long term benefits	387,731	647,095
Total –payable	4,412,774	5,706,744
Total – paid *	4,686,678	5,640,113

* The total amount paid for 2010 and 2009 includes bonus entitlements for the financial years ended 30 June 2009 and 2008 respectively.

32. RELATED PARTY DISCLOSURES

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 25.

Equity interests in associates and joint ventures

Details of interests in shares of associates and joint ventures are disclosed in notes 7 and 27.

(b) Key management personnel compensation, options and performance rights

Details of key management personnel compensation, options and performance rights are disclosed in the Directors' Report which accompanies these financial statements

Information in the report has been prepared in accordance with AASB 124.

(c) Key management personnel shareholdings

Details of the movements in the number of ordinary shares in Hastie Group Limited held during the financial year by each director and each of the key management personnel, including their related parties, are set out below:

DIRECTORS	OPENING BALANCE	RECEIVED DURING PERIOD ON EXERCISE OF RIGHTS	OTHER CHANGES DURING YEAR	CLOSING BALANCE
2010				
Mr Trevor Bourne	285,909	-	16,730	302,639
Mr David Harris	286,642	16,667	4,654	307,963
Mr David Martin	4,542,420	-	-	4,542,420
Mr Harry Boon	163,003	-	-	163,003
Mr Phillip Anderson	19,162	-	1,122	20,284
Mr John Gaskell	-	-	20,654	20,654
Mr Chris Woodward	895,999	32,000	-	927,999

Since year end and to the date of this report, the following additions to directors' shareholdings have taken place:
Mr Harry Boon: additional 913 shares.

DIRECTORS	OPENING BALANCE	RECEIVED DURING PERIOD ON EXERCISE OF RIGHTS	OTHER CHANGES DURING YEAR	CLOSING BALANCE
2009				
Mr Trevor Bourne	163,542	-	122,367	285,909
Mr David Harris	195,409	-	91,233	286,642
Mr David Martin	4,057,279	-	485,141	4,542,420
Mr Harry Boon	71,946	-	91,057	163,003
Mr Phillip Anderson	13,615	-	5,547	19,162
Mr Chris Woodward	680,163	51,235	164,601	895,999

32. RELATED PARTY DISCLOSURES (CONTINUED)

EXECUTIVES	OPENING BALANCE	RECEIVED DURING PERIOD ON EXERCISE OF RIGHTS	OTHER CHANGES DURING YEAR	CLOSING BALANCE
2010				
Mr Robert Galvin	547,197	41,382	-	588,579
Mr Joe Farrugia	61,775	3,304	4,635	69,714
Mr David Hammond	995,590	63,147	(299,184)	759,553

Since year end and to the date of this report no changes to executive's shareholdings have taken place.

2009				
Mr Robert Galvin	392,707	45,046	109,444	547,197
Mr Joe Farrugia	-	61,775	-	61,775
Mr David Hammond	664,590	50,000	281,000	995,590

(d) Key management personnel performance rights

Details of the movements in the number of performance rights in Hastie Group Limited held during the financial year by each director and each of the key management personnel, including their related parties, are set out below:

DIRECTORS	OPENING BALANCE	GRANTED AS COMPENSATION	EXERCISED	LAPSED	CLOSING BALANCE	BALANCE VESTED AT 30 JUNE (i)	VESTED DURING YEAR
2010							
Mr David Harris	235,971	373,584	(16,667)	(33,334)	559,554	-	16,667
Mr Chris Woodward	136,651	167,924	(32,000)	(43,500)	229,075	-	32,000

(i) All performance rights vested are exercisable at date of vesting
(ii) Since year end and to the date of this report no changes to director's performance rights have taken place

2009							
Mr David Harris	100,000	135,971	-	-	235,971	-	-
Mr Chris Woodward	126,735	61,151	(51,235)	-	136,651	-	51,235

EXECUTIVES	OPENING BALANCE	GRANTED AS COMPENSATION	EXERCISED	LAPSED	CLOSING BALANCE	BALANCE VESTED AT 30 JUNE (i)	VESTED DURING YEAR
2010							
Mr Robert Galvin	127,826	174,860	(41,382)	(33,741)	227,563	-	41,382
Mr Joe Farrugia	58,468	149,321	(3,304)	(6,608)	197,877	-	3,304
Mr David Hammond	127,338	154,076	(63,147)	(21,069)	197,198	-	63,147
Mr Phill Laidlaw	15,000	100,771	-	-	115,771	-	-
Mr Jerry Collins	15,000	76,219	-	-	91,219	-	-

(i) All performance rights vested are exercisable at date of vesting
(ii) Since year end and to the date of this report no changes to executive's performance rights have taken place

32. RELATED PARTY DISCLOSURES (CONTINUED)

EXECUTIVES	OPENING BALANCE	GRANTED AS COMPENSATION	EXERCISED	LAPSED	CLOSING BALANCE	BALANCE VESTED AT 30 JUNE (i)	VESTED DURING YEAR
2009							
Mr Robert Galvin	115,318	57,554	(45,046)	-	127,826	-	45,046
Mr Joe Farrugia	18,540	39,928	-	-	58,468	-	-
Mr David Hammond	128,777	48,561	(50,000)	-	127,338	-	50,000
Mr Phill Laidlaw	-	15,000	-	-	15,000	-	-
Mr Jerry Collins	-	15,000	-	-	15,000	-	-

(e) Loans to key management personnel

No loans have been made to any of the key management personnel, including their related parties.

(f) Transactions with other related parties

No key management personnel has entered in to any material contract, loan or other transaction with any entity in the Hastie Group during the year ended 30 June 2010 (2009: nil).

During the year a number of Hastie Directors have been Directors of other Companies, see pages 3 and 4, with whom Hastie Group entities may have business relationships but all such transactions are on normal and arms length terms and conditions.

The Board undertakes a detailed review of related party transactions on a regular basis.

A company, ADR Properties Pty Limited, directly controlled by David Martin, a non - executive director, provided business premises and facilities during the period under normal terms and conditions to a Group entity totalling $221K(2009: $212K).

33. PROFIT FOR THE YEAR

	2010 $'000	2009 $'000
Profit for the year includes the following items of gains/(expenses):		
Gain on sale of property, plant & equipment	243	222
Net finance costs (note 3)	(20,637)	(21,237)
Inventory:		
Write-down of inventory to net realisable value	(213)	(411)
Depreciation		
Property, plant and equipment		
Buildings	(238)	(269)
Leasehold improvements	(1,479)	(1,215)
Plant and equipment	(2,803)	(2,821)
Motor vehicles	(2,518)	(3,151)
Office furniture and equipment	(3,048)	(2,539)
	(10,086)	(9,995)
Amortisation		
Leased motor vehicles	(980)	(979)
Software	(2,219)	(1,712)
Customer contracts	(213)	(278)
	(3,412)	(2,969)
Operating lease rental expenses	(16,245)	(17,918)

34. EMPLOYEE BENEFIT EXPENSE

Post employment benefits:		
Defined contribution plans	(26,757)	(23,275)
Share-based payments:		
Equity settled share-based payments	(520)	(1,036)
Other employee benefits	(445,138)	(438,447)
	(472,415)	(462,758)

35. REMUNERATION OF AUDITORS

Auditor of the parent entity	2010 $	2009 $
Audit or review of the financial statements	1,184,429	1,017,339
Other non-audit services: – due diligence and acquisition related	123,050	167,835
– other services	87,125	326,146
	1,394,604	1,511,320
Other Auditors		
Audit or review of the financial statements	338,690	226,714
Other non-audit services:	235,828	36,067
	574,518	262,781

The auditor of Hastie Group Limited is Deloitte Touche Tohmatsu.

36. PARENT ENTITY INFORMATION

Information relating to Hastie Group Limited, the parent entity:

	2010 $'000	2009 $'000
Current assets	12	105
Total assets	437,477	426,341
Current liabilities	4,010	4,036
Total liabilities	4,010	4,036
Shareholders' equity		
Issued capital	415,002	405,407
Deferred consideration equity reserve	-	1,050
Employee equity-settled benefits reserve	1,715	1,897
Retained earnings	16,750	13,951
	433,467	422,305
Profit for the year	26,312	23,861
Total comprehensive income for the year	26,312	23,861

The company is part of a security trust deed arrangement with various financiers in respect of all financing arrangements including secured borrowings (note 12) and guarantees (note 23).

The company has entered in to a Deed of Cross Guarantee with its wholly owned Australian subsidiaries pursuant to ASIC class order 98/1418, see note 25.

37. GENERAL INFORMATION

Hastie Group Limited is a listed public company, incorporated in Australia, and operating primarily in Australia, United Kingdom, New Zealand, and United Arab Emirates.

Its registered office and principal place of business is Level 5, 20 Highgate Street, Auburn NSW 2144.

ADDITIONAL STOCK EXCHANGE INFORMATION

NUMBER OF HOLDERS OF EQUITY SECURITIES AS AT 13 AUGUST 2010

Ordinary share capital

239,716,924 fully paid ordinary shares are held by 9,362 individual shareholders.
All issued ordinary shares carry one vote per share.

Performance rights

4,682,638 performance rights are held by 96 individual holders.
Performance rights do not carry a right to vote.

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

	ORDINARY SHARES		PERFORMANCE RIGHTS	
	Number	%	Number	%
1 - 1,000	1,903	20.3	-	-
1,001 - 5,000	3,459	36.9	7	7.3
5,001 - 10,000	1,959	21.0	3	3.1
10,001 - 100,000	1,947	20.8	76	79.2
100,001 and over	94	1.0	10	10.4
	9,362	100.0	96	100.0
Holding less than a marketable parcel	650	7.0		

SUBSTANTIAL SHAREHOLDERS

	ORDINARY SHARES	
ORDINARY SHAREHOLDERS	Number	%
JP Morgan Nominees Australia Limited	37,761,441	15.8
National Nominees Limited	32,937,235	13.7
HSBC Custody Nominees (Australia) Limited	32,670,468	13.6
	103,369,144	43.1

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

	ORDINARY SHARES	
	Number	%
JP Morgan Nominees Australia Limited	37,761,441	15.8
National Nominees Limited	32,937,235	13.7
HSBC Custody Nominees (Australia) Limited	32,670,468	13.6
Cogent Nominees Pty Limited	11,881,308	5.0
Citicorp Nominees Pty Limited	8,748,752	3.7
AMP Life Limited	6,614,670	2.7
ANZ Nominees Limited <Cash Income A/C>	3,228,418	1.4
Peveril Investments Pty Ltd	2,634,846	1.1
Queensland Investment Corporation	2,341,843	1.0
RBC Dexia Investor Services Australia Nominees Pty Limited <Pipooled A/C>	2,335,631	1.0
Pacific Custodians Pty Ltd <Deferred ESP TST A/C>	2,085,862	0.9
UBS Wealth Management Australia Nominees Pty Ltd	1,989,256	0.8
Quadrillion Investments Pty Limited	1,650,049	0.7
ANZ Nominees Limited <Income Reinvest Plan A/C>	1,263,904	0.5
Cogent Nominees Pty Limited <SMP Accounts>	1,104,385	0.5
RMC Leong Pty Limited <Leong Discretionery A/C>	942,973	0.4
Perpetual Trustees Consolidated Limited <C_L A/C>	869,689	0.3
Borton Pty Limited <AGB Discretionary A/C>	820,763	0.3
Mr Richard Leong	734,520	0.3
DCJRM Pty Limited	715,793	0.3
	153,331,806	64.0

COMPANY SECRETARY

Anne Griegg

REGISTERED OFFICE

Level 5,
20 Highgate Street,
Auburn NSW 2144

SHARE REGISTRY

Link Market Services Limited

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CORPORATE DIRECTORY

DIRECTORS

Trevor Bourne
NON-EXECUTIVE CHAIRMAN

David Harris
GROUP MANAGING DIRECTOR & CEO

Phillip John Anderson
NON-EXECUTIVE DIRECTOR

Harry Boon
NON-EXECUTIVE DIRECTOR

John Gaskell
NON-EXECUTIVE DIRECTOR

David William Martin
NON-EXECUTIVE DIRECTOR

Christopher Thomas Woodward
GROUP FINANCE DIRECTOR

Anne Teresa Griegg
GENERAL COUNSEL
& COMPANY SECRETARY

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 5, 20 Highgate Street
Auburn NSW 2144
PO BOX 6087
Silverwater NSW 1811
Tel: +61 2 9714 4600
Fax: +61 2 9714 4601
enquiries@hastiegroup.com.au
www.hastiegroup.com.au

AUDITOR

Deloitte Touche Tohmatsu
The Barrington, Level 10
10 Smith Street
Parramatta NSW 2150
Tel: +61 2 9840 7000
Fax: +61 2 9840 7001

SHARE REGISTRY

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Tel: +61 2 8280 7695
Fax: +61 2 9287 0303

AUSTRALIAN SECURITIES EXCHANGE LISTING

Hastie Group Limited shares are quoted on the Australian Securities Exchange under the code HST.

AUSTRALASIA

Mechanical
PO Box 6087
Silverwater NSW 1811
Tel: +61 2 9714 4600
Fax: +61 2 9714 4770

Electrical
PO Box 6087
Silverwater NSW 1811
Tel: +61 2 9714 4600
Fax: +61 2 9714 4770

Commercial Plumbing
PO Box 6087
Silverwater NSW 1811
Tel: +61 2 9714 4600
Fax: +61 2 9714 4770

Commercial Refrigeration
Locked Bag 3019
Blacktown NSW 2148
Tel: +61 2 8805 0400
Fax: +61 2 9675 2897

Services
PO Box 6345
Silverwater NSW 1811
Tel: +61 2 9737 5400
Fax: +61 2 9737 5499

MECHANICAL, ELECTRICAL & COMMERCIAL PLUMBING UK & IRELAND

UK

Rotary House
Chantry Court, Sovereign Way
Chester, Cheshire CH1 4QN
United Kingdom
Tel: +44 1244 382 233
Fax: +44 1244 382 458

Ireland
Esmond Avenue,
Fairview, Dublin 3
Republic of Ireland
Tel: +353 1 836 9175
Fax: +353 1 836 7034

MECHANICAL, ELECTRICAL & COMMERCIAL PLUMBING MIDDLE EAST

Warehouse No. 1,
Plot 354 - 942
(Off Sheikh Zayed Road),
Al Quoz, Dubai UAE
PO Box 121414
Dubai UAE
Tel: +971 4 501 4000
Fax: +971 4 501 4100

MECHANICAL, ELECTRICAL & COMMERCIAL PLUMBING INTERNATIONAL

Esmond Avenue,
Fairview, Dublin 3
Republic of Ireland
Tel: +353 1 836 9175
Fax: +353 1 836 7034

STRONG TRACK RECORD OF GROWTH

Date acquired/ founded

1970

Hastie Australia

Hastie Australia

Founded in 1970, the original company formed in Australia by Hastie Group's now Non-Executive Director David Martin
Location: Sydney

2001

Optimus

Founded in 1972, majority shareholding acquired in 2001, with balance acquired in 2002
Location: Sydney

Trilogy Maintenance Solutions

Founded in 2001 by acquiring three service companies and merging them into Trilogy Maintenance Solutions
Location: Sydney

Hastie New Zealand

Founded by Hastie Group
Location: Auckland

Direct Engineering Services (DES)

Founded in 1966
Locations: Perth, Bunbury

Frigrite Air Conditioning

Founded in 1945, acquired as a subsidiary of DES
Locations: Adelaide, Brisbane, Melbourne

Palmer Air Conditioning

Founded in 1970, acquired as a subsidiary of DES
Location: Brisbane

2002

Professional Building Services

Founded in 1993, 60% acquired in 2002, with balance acquired in 2005
Location: Christchurch

Admiralty Air Conditioning and Refrigeration

Founded in 1992
Location: Brisbane

2003

Sharp and Pendrey Group

Founded in 1985, 60% acquired in 2003, 10.2% acquired in 2004, with balance acquired in 2005
Location: Melbourne

Longley Mechanical Services

Founded in 1986, 60% acquired in 2003, with balance acquired in 2005
Locations: Wodonga, Dubbo, Orange, Wagga Wagga, Canberra

2004

Austral Refrigeration

Founded in 1971
Locations: Sydney, Adelaide, Brisbane, Melbourne

Cowley Refrigeration

Founded in 1956, acquired as a 60% owned subsidiary of Austral Refrigeration with remaining minority interest acquired in 2005
Locations: Wellington, Auckland, Palmerston North, New Plymouth, Napier

Hastie Refrigeration Service

Hastie Refrigeration Service

Founded by Hastie Group
Locations: Victoria, Queensland

QAL

Founded by Austral Refrigeration together with senior management in 1989. Austral remains the majority shareholder at 63.25%
Locations: Perth, Port Hedland, Karratha

Refcair Services

Founded in 1995
Location: Bendigo

2005

D&E Air Conditioning

Founded in 1978
Location: Melbourne

Hastie Group Limited IPO

M&H Air

Founded in 1990
Locations: Newcastle, NSW Hunter Region, NSW Central Coast

Hastie International

Hastie International Pty Ltd

Founded in 2005
Location: United Arab Emirates

2006

Gulf Engineering

Founded in 1996
Locations: Perth, North West Shelf

North Sea Ventilation

Founded in 1992
Location: Kingston-upon-Hull (UK)

Gordon Brothers Industries

Founded in 1917
Locations: Melbourne,Bendigo, Sydney, Adelaide, Perth, Brisbane, Lincoln (UK)

Emac Services

Founded in 1995
Locations: Brisbane, Gold Coast, Alstonville

Heyday Group

Heyday Group

Founded in 1978
Locations: Sydney, Brisbane, Melbourne, Canberra, Wollongong

2007

Norfolk Foodservices

Founded in 1985
Locations: Sydney, Melbourne, Canberra

Aquaheat Industries

Founded in 1950
Locations: Wellington, Christchurch, Auckland, Hamilton

CDC Plumbing and Drainage

Founded in 1973
Location: Victoria

Watters Electrical

Founded in 1990
Locations: Adelaide, Albury, Port Melbourne, Shepparton, Mildura, Cobram and Eildon

2008/ 2009

Rotary

Founded in 1954
Locations: UK, Ireland and Middle East

Beavis and Bartels

Founded in 1954
Location: Queensland

GTS Plumbing

Founded in 1981
Location: Queensland

Concept Air Conditioning

Founded in 1992
Location: Adelaide

Borders Stainless Steel

Founded in 1981
Location: Canberra

Nisbet & Durney

Founded in 1961
Location: Sydney

Airducter

Founded in 1983
Location: Darwin

AFA Air Conditioning

Founded in 1974
Location: Adelaide

2010

Cool-it Air Conditioning and Refrigeration

Founded in 1978
Location: Gold Coast

James & More Air Conditioning & Electrical

Founded in 1997
Locations: Townsville and Cairns

Spectrum Fire and Security

Founded in 2006
Locations: Sydney, Newcastle, Brisbane, Adelaide, Melbourne, Alice Springs, Perth

ASX ANNOUNCEMENTS

2010	
25 August	Hastie positioned for growth with strong order book and balance sheet
25 August	Hastie 2010 Full Year Results
19 August	Hastie awarded more than $200m of MEP and maintenance services work across Australia and New Zealand
1 July	Refinance of term debt facilities until 2013
19 May	Hastie maintains Middle East momentum with $66m new projects in Qatar
7 May	Macquarie Australia Conference
4 May	Fire Protection Services Business - Strategic Acquisition
24 February	Solid first half underlying profit of $23.5m
24 February	Hastie 2010 Half Year Results
24 February	Preferred contractor for flagship GBP 25m UK project
24 February	Hastie wins $119m Gold Coast hospital contract

2009	
19 November	Hastie expands regional coverage with bolt-on acquisition
27 October	Hastie Group Limited AGM Presentation
26 October	Hastie wins UK and Australian contracts totalling $67m
31 August	Open Briefing – Group MD & CEO on FY2009 Results and Outlook

Hastie Group

www.hastiegroup.com.au