2010 ANNUAL REPORT

RCR Limited
Tomlinson

Contents

RCR Tomlinson Ltd

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Paul Dalgleish

Chief Financial Officer

Andrew Walsh

Securities Exchange Listing

Australian Securities Exchange
ASX Code: RCR

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About this Annual Report

The 2010 Annual Report provides a summary of RCR's activities and financial position as at 30 June 2010.

Annual General Meeting

The Annual General Meeting of RCR Tomlinson Ltd will be held at the Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia 6000 at 11.00am (Perth Time) on Thursday, 18 November 2010. Formal notice of the meeting is to be sent to each shareholder.

Featured Cover Image

The image featured on the cover of RCR's 2010 Annual Report is of the Bunbury Port in Western Australia. This image was selected as it is representative of our key regional operations' commitment to our clients, their operations, sustainable practices and the local community. In 2010 RCR celebrated 30 years working in the Bunbury community with our client Alcoa at the Bunbury Port. RCR's Bunbury facility also achieved the significant milestone of five years without a LTI.
Image courtesy of
Bunbury Port Authority ©

About RCR

Integrated Engineering Solutions

RCR Tomlinson Ltd (RCR) is dedicated to the safe delivery of superior integrated engineering solutions to the mining, resources, energy and power sectors.

RCR's people, processes and activities reflect our commitment to integrity in all aspects of business, mutual respect, open and honest communication with all stakeholders, and shared goals to success.

Delivered by our four business streams, RCR Mining, RCR Resources, RCR Energy and RCR Power, we provide turnkey solutions, from design, manufacture and refurbishment to installation and maintenance.

With strategically located operations in Australia, New Zealand and Asia, RCR provides customised solutions to clients internationally.

Mission

RCR's mission is to generate exceptional shareholder value while delivering superior integrated engineering solutions to our customers. RCR aims to provide a safe, rewarding work environment where we value our intellectual capital and create outstanding career opportunities for successful employees.

Values

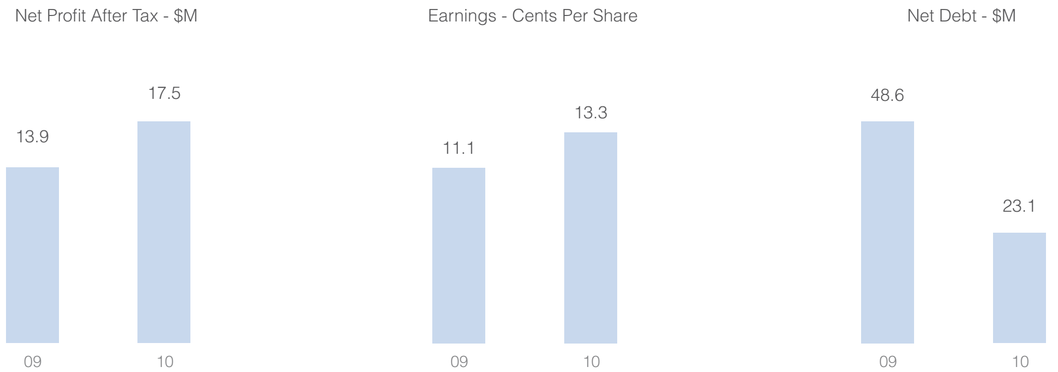
- Integrity in all aspects of the business while maintaining the highest professional standards
- Mutual respect for employees, customers, shareholders, the community and external stakeholders
- Open and honest communication
- Commitment to goals

Project Century - Lion Breweries boiler, New Zealand

Highlights

Financial Performance

	FY10		% Change
Sales Revenue - $M	545.6	▼	7%
EBIT - $M	14.4	▼	18%
NPAT - $M	17.5	▲	25%
Net Debt - $M	23.1	▼	52%
Order Book – $M	300.0	▲	22%
Dividends Paid – cents per share	3.0	▲	20%
Earnings Per Share - cents	13.3	▲	20%
Net Tangible Assets Per Share - cents	98.8	▲	15%
Total Shareholder Return - percent	35.7		



NPAT Increased

25%

EPS Increased

20%

Net Debt Reduced

52%

RCR performed structural, mechanical and piping installation on the VTM3000 Vertimill project, the largest of its kind in the world, at Newcrest Mining Limited's Cadia Valley Operations, New South Wales.

Strategic

- RCR streamlined its operations into four core businesses units
- New Executive Leadership team

Financial

- Net profit after tax increased 25% to $17.5 million
- Net debt reduced from $48.6 million to $23.1 million
- Revenues of $545.6 million, compared to $589.4 million in FY09
- Strong Order Book with over $300 million in hand
- Power business returned to profit
- Dividend increased to 3.0 cents per share, a 20% increase on the previous year

Operations

- RCR won WA Engineers Australia 2009 Engineering Excellence Award in the Products & Manufacturing category for its innovative track-mounted mobile mining unit plant

Sustainability

- Lost Time Injury Frequency Rate decreased 43% to 1.1
- 2168 employees
- 5% increase in Apprentices, with a total of 142 Graduates, Apprentices and Trainees

RCR finished 2010 with improving financial performance, exceptional safety outcomes, a cohesive management team and a stronger order book

Chairman's Report

It is with a sense of considerable satisfaction that I reflect upon the achievements of the last 12 months. Against a backdrop of global financial instability twelve months ago, your company has made considerable progress and finished the year with a substantially strengthened balance sheet and growing order book.

Leadership Responding to the Challenge

Under the stewardship of Chief Executive Officer, Paul Dalgleish, who joined the company shortly before the beginning of the 2010 financial year, RCR has significantly strengthened both the breadth and depth of our senior management capabilities during the year. Ensuring we secure the services of industry leading executives is an integral part of Paul's challenge to effectively manage the transition to becoming a world-class engineering company. In this regard we welcomed the appointment of Chief Financial Officer, Andrew Walsh in January 2010, Company Secretary, Darryl Edwards in November 2009, and other executives appointed to the Energy, Power and Mining business units.

With a renewed management team there has been a comprehensive focus on improved financial and cash management, resulting in a significant reduction to the company's net debt position at year end. Improved cash flows from operations and proceeds from the divestment of non-core assets resulted in RCR's net debt reducing from $48.6 million at the beginning of the financial year to $23.1 million at 30 June 2010.

Shareholder Returns

A fully franked final dividend of 3.0 cents per share will be paid representing a pay-out ratio of 22.6% of after tax earnings for the year ended 30 June 2010. The Board has also set a medium term dividend target payout ratio of between 20% to 30% of net earnings.

For the full year dividend, your Board has decided to suspend participation in RCR's Dividend Reinvestment Plan (DRP) in favour of a share buy-back, which your Director's believe is a prudent capital management decision at this time.

RCR's Board and Corporate Governance

Mr Charles Birmingham has indicated his decision to retire as a Director at this year's Annual General Meeting. Together with the Board, I would like to acknowledge his significant and valued contribution over the past 25 years at RCR as a senior executive and later as a non-executive Director. Charles has provided significant experience and advice to the company and has contributed personally to the growth and development of RCR. The Board has embarked on a search for a suitable non-executive Director to enhance the Board's capability in the new year.

The Board continues to develop RCR's corporate governance practices to balance the needs and expectations of our shareholders and the broader community. This Annual Report illustrates the refreshed approach to our governance practices and a clearer statement on our compliance with ASX best practice principles.

The new RCR is focussed on delivering its customers effective outcomes and creating value for its stakeholders

Strategy

The restructuring completed by Paul Dalgleish has provided a much clearer organisation consisting of four distinct business streams from which to develop the company. The market focus afforded by this new structure will assist greatly in ensuring we are well positioned to meet the expected growth in our core markets. This will be a priority for the Board, the CEO and the management team in the coming twelve months.

Outlook

As we enter 2011, increased activity in our operations is expected, as early indications point to a more stable business environment. Our business is however being impacted by concerns related to the introduction of new mining tax regimes and we hope these are resolved quickly. We have an improved order book and a recovering recurring revenue base which provides the foundation for growth and optimism in the coming year.

People

I thank RCR's CEO, management team and all of RCR's employees for their hard work, commitment to safety and their contribution over the past year. I also thank my fellow Directors for their ongoing dedication and support. The quality of our people at all levels allows us to look to the future with confidence.

Roderick Brown
Chairman

RCR Resources and RCR Power delivered its sixth consecutive dragline outage on-site at the Wesfarmers Curragh mine site.

Removal of the major dragline components utilised an innovative "Lift-n-Lock" crane system, saving on both costs and the duration of the outage.

Chief Executive Officer's Report

Overview

The past year has been characterised by significant change for both our people and our practices. The following elements have been fundamental to our improving performance:

1. Continued emphasis on our exceptional safety performance
2. Renewal and strengthening of our management team
3. Strong focus on financial management
4. Restructuring the company into four distinct businesses
5. Improved risk management and systems

The year provided an opportunity to establish the strategic drivers for RCR's future growth in our key sectors of Mining, Energy, Resources and Power, while rationalising our services to ensure margins were commensurate with risk. This rationalisation also provided the opportunity to focus the order book on sectors and services that are conducive to margin expansion. The diversity of the order book between recurring revenue and project work remained well balanced, supplemented by a commercial and contractual base with lower risk.

Considerable effort was applied to:

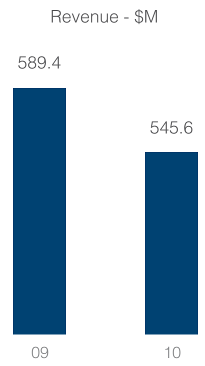
1. Improving all our processes, in particular, our risk management and financial reporting in order to provide stability in earnings and predictability of growth
2. Optimising the balance sheet with a view to improving our Return on Equity and support for our future growth aspirations
3. Ensuring a cash flow that supports the business and funds a reduction in net debt
4. Working through the legacy contracts to minimise operational and financial trading impacts

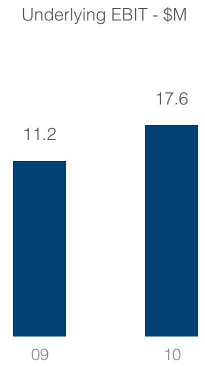
During the year RCR delivered our second and largest mobile mining unit, manufactured and delivered the largest belt feeder ever built by RCR, reduced our Lost time Injury Frequency Rate (LTIFR) to 1.1, opened a new office in South East Asia and tendered our first off-shore mining equipment opportunities.

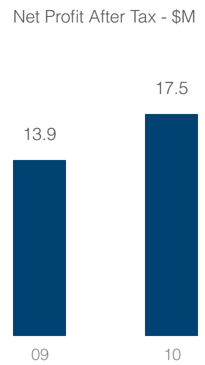
The year finished with improving financial performance, exceptional safety outcomes, a cohesive motivated management team and a stronger order book.

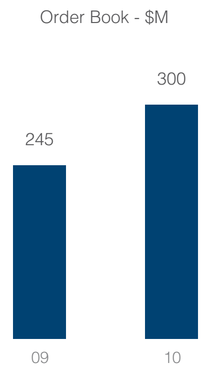
Financial Performance

	FY10	FY09	% Change
Sales Revenue - $M	545.6	589.4	7%
EBITDA - $M	31.2	34.8	10%
EBIT - $M	14.4	17.7	18%
Underlying EBIT - $M	17.6	11.2	57%
NPAT - $M	17.5	13.9	25%
Net Debt - $M	23.1	48.6	52%
Order Book – $M	300.0	245.0	22%
Dividends Paid – cents per share	3.0	2.5	20%
Earnings Per Share - cents	13.3	11.1	20%
Net Tangible Assets Per Share - cents	98.8	86.0	15%
Total Shareholder Return - percent	35.7	-20.7	









Financial Performance

At the completion of a successful turnaround year RCR delivered a 25% increase in net profit after tax (NPAT) to $17.4 million which was well supported by strong cash flow. The strong cash flow substantiation for our operating result was contrary to the trend in previous years and enabled us to halve net debt to $23.1 million. Revenues for the year were down by around 7% to $545 million due to the economic environment in which we were trading, however the order book was stronger at year end increasing to over $300 million.

Our R&D investment continued in this financial year delivering new products and associated tax benefits similar in the order of magnitude to the prior year.

RCR's balance sheet has remained strong throughout the global financial crisis and continues to remain robust with high levels of tangible assets (120% of Market Capitalisation at 30 June 2010). Our net debt is supported by an asset base which is predominantly property and our overall gearing is less than 11%. Our debt facility is secure, remaining with long term debt, and we are in a strong position to further strengthen our balance sheet in 2011.

For RCR, 2010 was a year of weathering the relatively flat trading and market fragility however recent improvements in commodity pricing and the potential increase in associated capital and maintenance spending provide optimism for growth in 2011.

Over the fourth quarter of 2010 positive signs emerged with an increase in tendering activity for long lead items, such as mining equipment, and the signing of a number of significant orders for larger projects.

Revenue

Revenue for the year was slightly lower (7%) due to the economic environment in which we were trading. The majority of the reduction was in our Mining and Energy businesses, due to reduced maintenance spending from our clients throughout the year, and a slower than anticipated ramp up of new capital works in H2 2010. The Resource Super Profits Tax impacted revenues in Q4 2010 and there were reductions in large power station maintenance spending.

The Resources and Power businesses experienced relatively flat revenues throughout the year, however all businesses finished the financial year with increased order books.

Profitability

NPAT for the financial year was higher by 25% on the previous year and underlying earnings were well supported with cash. EBIT was lower than FY09 due to one-off P&L adjustments for legacy issues, however underlying EBIT, which excludes the impact of legacy issues and a one-off benefit from the sale of vehicles, was improved compared to prior year earnings.

During the year we adjusted the reporting of all businesses to use standard EBIT measures (away from the prior year's "contribution"), which will provide business performance clarity going forward.

Operation Performance

During the year RCR Mining delivered a second, larger track-mounted mobile mining unit plant, this time, as a single module. The second generation unit, which uses advanced technology and further innovations, cements RCR's market leading position for mobile mining equipment. RCR's off-site repair business was quiet throughout 2010 due to economic conditions.

RCR Energy capitalised on its experience in the industrial boiler and utility shutdown markets with contracts awarded for renewable energy projects, industrial boilers and major power station shutdowns. The energy service business continued to delivery steady returns while the laser cutting business returned to profit in 2010.

RCR Resources was strongly impacted by legacy issues, resulting in lower profitability. Recurring work was pleasing with RCR celebrating 30 years of maintenance for the Alcoa Port in Bunbury. Contract extensions on existing projects such as Pluto and the Worsley Efficiency & Growth project provided a steady revenue stream during the year. Heat treatment continued to deliver exceptional returns enabling an expansion of our facilities with the addition of two new furnaces.

RCR Power delivered a number of significant turnkey projects while returning the business to profit, a first under the stewardship of RCR. RCR Power finished the year with a record order book, a number of major projects and a strong pipeline of tenders for 2011.

Sustainability and Our People

During the year safety targets were achieved, with a 43% decrease in the Lost Time Injury Frequency Rate (LTIFR) to 1.1. Numerous safety initiatives were successfully deployed based on our RCR SafetyMates program, and we achieved SAI Global OH&S Management System certification to AS/NZ4801 and OHS AS 18001 standards. During the year our Total Recordable Injury Frequency Rate (TRIFR) was reduced 24% to 13.8 and improvement of leading indicators was significant across RCR. At year end over 80% of RCR's sites were LTI free.

Over 2010 RCR increased our number of apprentices by 5% to 131 and continued to maintain our stable industrial relations at environment, renewing the majority of our industrial agreements.

RCR continued to focus on training and development, with employee numbers at 2168, including 142 graduates, apprentices and trainees.

RCR have now committed to an indigenous participation program on major projects implementing a MOU in the Pilbara to provide ongoing employment opportunities.

RCR increased the number of women in our workforce during the year and was able to improve staff retention and strengthen the senior management team.

RCR began implementation of an Integrated Management System (IMS) aligned with AS/NZS ISO 9001:2008, AS/NZS ISO 14001:2004 and AS/NZS 4801:2001, and structured to enhance corporate governance and strengthen management.

Strategy and Outlook

RCR will continue to position for sustainable growth in FY 2011, focussing primarily on organic growth through larger project opportunities, leveraging our IP rich businesses into delivery of turnkey solutions and geographical expansion of our core products using local strategic partnerships. Larger scale acquisitions may be considered that will provide a step change to RCR during 2011, however increasing sales and continuing to improve both gross margin and bottom line growth through stronger commercial and financial management will remain the priority.

RCR provided all electrical and instrumentation works associated with the Pluto LNG Project main storage and condensate tanks and underground cable installation in the off plots and utilities areas. Photo courtesy of Woodside.

Further throughout 2011, RCR will continue to deliver on specific strategic initiatives including:

1. International sales of our core mining products
2. Expanding our South East Asian business leveraging our renewable energy technology and existing opportunities
3. Expanding our technology partnerships in Energy and Mining Technologies
4. Targeting Tier 1 construction opportunities in Resources and Power

Our Mining and Energy businesses retain significant intellectual property and have strong technology partnerships which are readily leveraged into turnkey projects with stronger margins.

Both businesses provide opportunities for geographical diversification with low risk, particularly our core mining equipment into South America and Africa and our biomass boilers into South East Asia. R&D will continue to be developed to position RCR as a leader in delivering innovative solutions to the mining sector.

The two engineering construction businesses, Resources and Power, are targeting larger projects with blue chip clients. We will capitalise on the synergies in these businesses for the delivery of turnkey projects. Our Power business is also well positioned to deliver infrastructure projects throughout Australia for State Government and private power generators.

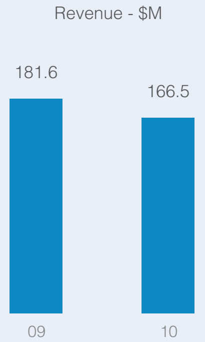
In 2010 RCR established a South East Asian presence head quartered in Malaysia providing power and energy services to the Asia-pacific.

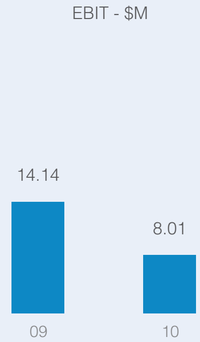
Supported by RCR's energy business in New Zealand, RCR Asia specialises in green energy solutions servicing medium sized gas and cogeneration projects in Thailand, Malaysia, Singapore, Indonesia and Vietnam.

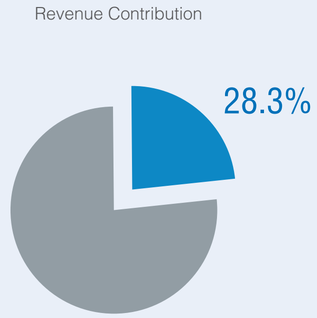
Following a period of uncertainty in the market from proposed changes to taxation of resources projects, increased activity is anticipated in both mining and oil and gas.

Dr Paul Dalgleish
Chief Executive Officer

Review of Operations
Mining







RCR is delivering engineering excellence through innovation

Overview

RCR's mining business is a leader in the design and manufacture of materials handling and process equipment for the mining industry. RCR provides innovative solutions fully supported from design, manufacture, fabrication, installation, commissioning, spare parts and off-site repair.

Our product range includes apron feeders, belt reelers, belt feeders, conveyors, stackers and trommels, sizing and screen equipment, and crushing, screening, processing and mobile mining plants.

The business has key facilities in Perth, Bunbury and Geraldton in Western Australia, Wacol in Queensland, Berkeley Vale in New South Wales, and Adelaide in South Australia.

Performance

During the year the business achieved sales of $166.5 million, which resulted in earnings before interest and tax (EBIT) of $8.0 million.

Safety is always a critical component of all activities and during the year the operation in Bunbury, Western Australia achieved five years LTI free.

A highlight for the year was the completion of a second generation module track-mounted mobile mining unit plant ("MUP") for Iluka's Jacinth Ambrosia mineral sands operation in South Australia. Other highlights include delivery of RCR's largest apron feeder weighing 220 tonnes and 32 metres in length for the Yandi operation in the Pilbara.

RCR's mining business continued to define itself as a leader in innovative solutions, winning the WA Engineers Australia, 2009 Engineering Excellence Award in the Products & Manufacturing category for its first MUP, built for a mineral sands operation in the Northern Murray Basin, Victoria.

The MUP was also a finalist in the National Engineers Australia 2009 Engineering Excellence Awards.

Recurring off-site repair works were lower than the previous year on the back of the downturn in the resources sector activities in 2009, but improved in the later part of the year with the business recognised as a preferred supplier to a number of blue chip clients.

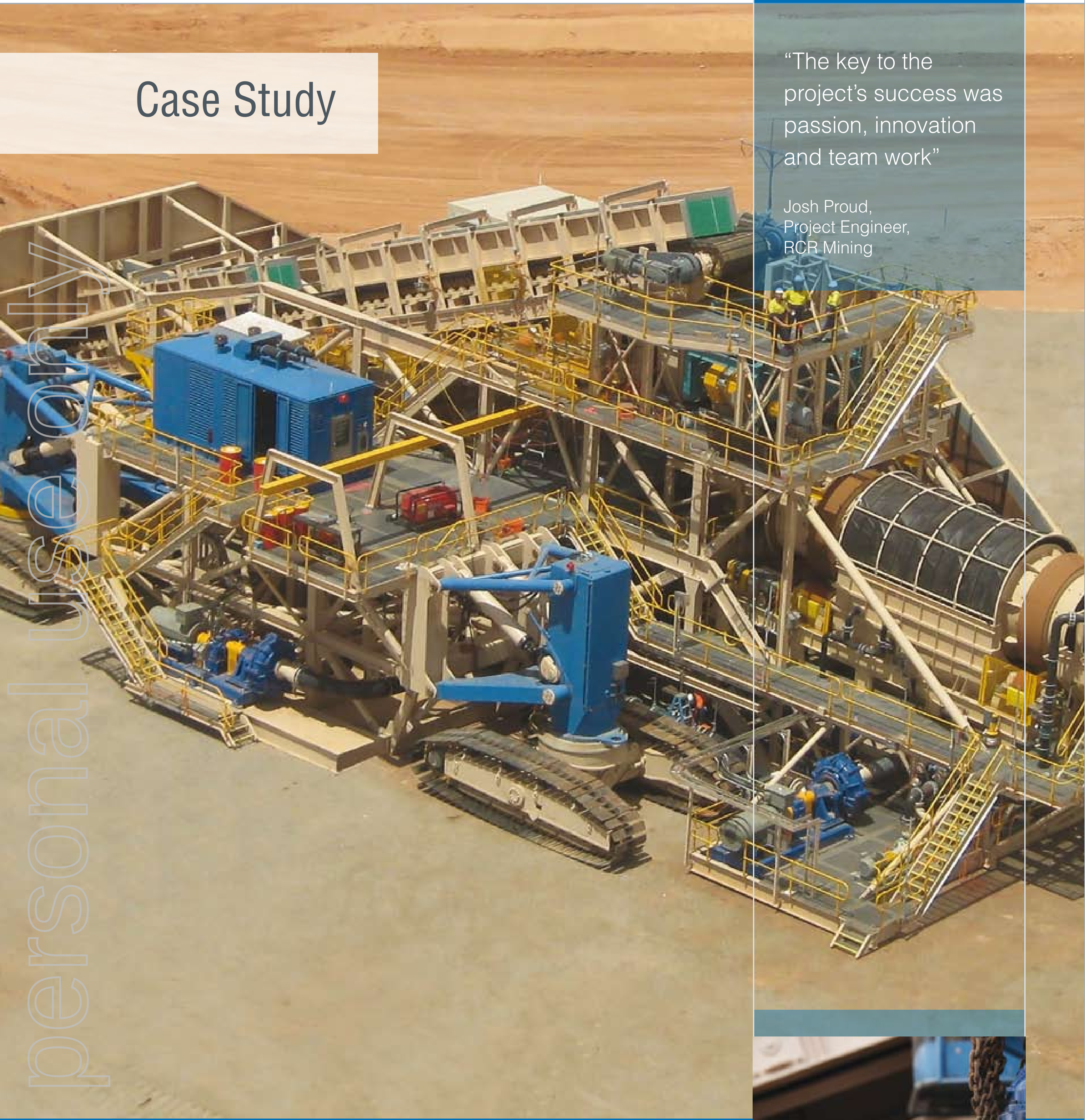
The business finished the year with strong demand for mining equipment, with major orders received for mining equipment for POAGS at Port Hedland and for supply to iron ore projects in the Pilbara.

Outlook

RCR's ability to replace traditional fixed plant equipment with innovative solutions in mobile equipment is delivering significant efficiencies and benefits to clients.

With a strong forward order book for materials handling equipment and off-site repairs, RCR's mining business is well positioned for the new financial year.

Case Study



> "The key to the project's success was passion, innovation and team work"
>
> Josh Proud,
> Project Engineer,
> RCR Mining

Client:	Iluka Resources Limited
Location:	Jacinth Ambrosia, South Australia
Duration:	2009-2010

RCR designed, manufactured, installed and commissioned the second generation fully integrated track-mounted mobile mining unit plant ("MUP") as a single module.

The innovative MUP incorporates an ore recovery and full in-pit primary processing unit and sophisticated relocation system.

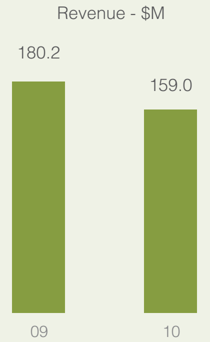
The advanced technology for the customised hydraulically driven track-module enables the 1000 tonne machine to raise and lower itself to relocate to the next mining position via remote control.

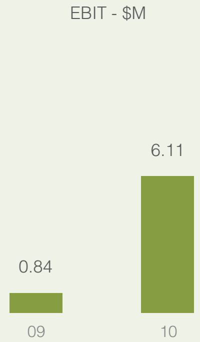
The MUP reduces infrastructure and operation costs, improving efficiencies and reducing waste, energy and emissions.

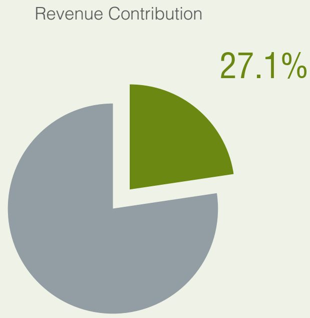
The project was delivered within nine months with an outstanding incident-free safety record.

Review of Operations

Energy







RCR is advancing technology in power generation for biomass and renewable energy projects

Overview

RCR's energy business provides turnkey solutions for utility, power and industrial energy projects. RCR provides comprehensive EPC services for new projects as well as overhaul and refurbishment of plants utilising renewable energy, biomass, coal, gas and liquid fuels. In addition, the business offers the sales and service of burners, packaged boilers, fired heaters, combustion systems and ancillary equipment, and steam, hot water and thermal oil heating plants.

The business operates in key utility and industrial centers across Australia and New Zealand, with over 90 technicians available 24/7.

Performance

During the year the business achieved sales of $159.0 million, which resulted in EBIT of $6.1 million. Earnings improvements were largely associated with the elimination of loss making contracts and rationalisation of the laser cutting business.

The business had strong safety performance at its facilities and on-site, with the energy service and laser businesses in Victoria and Western Australia respectively achieving five years LTI free.

Key projects during the year included the successful completion of three major boiler and turbine auxiliary outages as part of the alliance contract with Macquarie Generation for the Bayswater and Liddell Power Stations in New South Wales, and the successful commissioning and handover of a lignite fired Towerpak® boiler designed by RCR under license from Babcock & Wilcox Power Generation for Fonterra at the Edendale processing site.

The second half of the year saw increased business activity with the recommencement of projects which had previously been on hold during the Global Financial Crisis. RCR was awarded provision of Babcock & Wilcox Package Boilers in New South Wales, a Bubbling Fluid Bed (BFB) Towerpak® boiler designed by RCR under license from Babcock & Wilcox Power Generation in Victoria, and the refurbishment of a large renewable fuel fired industrial boiler for a major customer in New Zealand.

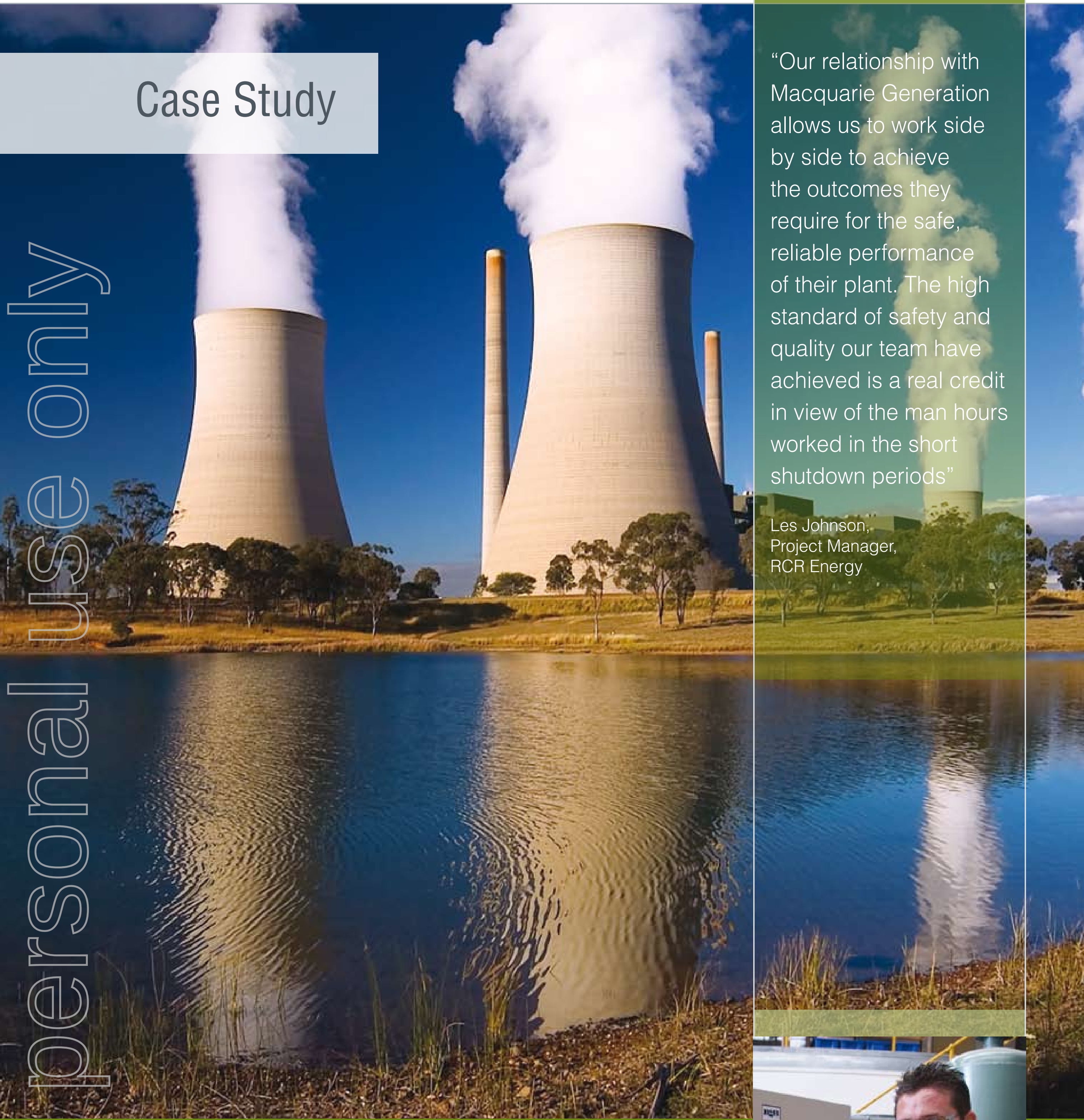
A highlight for the year was the award of EPC projects for the provision of a state-of-the-art biomass-fired steam boiler plant for Nestlé Chile and Nestlé Mexico, both for delivery in the 2011. Using cutting edge technology, the design incorporates a number of innovations to maximise energy efficiency and ensure clean combustion. These orders reflect RCR's focus on building strategic and sustainable relationships.

Outlook

The business will continue to grow its EPC capability for power generation, biomass and renewable energy projects. Further development of in-house engineering design capabilities will enhance the delivery of energy solutions to our customers.

RCR will leverage further from its experience and associations with technology providers and is targeting biomass energy projects in South East Asia.

Case Study



"Our relationship with Macquarie Generation allows us to work side by side to achieve the outcomes they require for the safe, reliable performance of their plant. The high standard of safety and quality our team have achieved is a real credit in view of the man hours worked in the short shutdown periods"

Les Johnson,
Project Manager,
RCR Energy

Client:	Macquarie Generation
Location:	Liddell Power Station and Bayswater Power Station, situated between Singleton and Muswellbrook, Upper Hunter Valley, New South Wales
Duration:	100,000 man hours

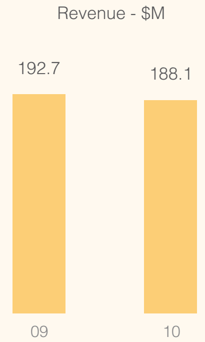
As part of the ongoing alliance agreement with Macquarie Generation established in 2007, RCR successfully delivered three major alliance outages during FY 2010. The projects were conducted at the Liddell Power Station and Bayswater Power Station in New South Wales.

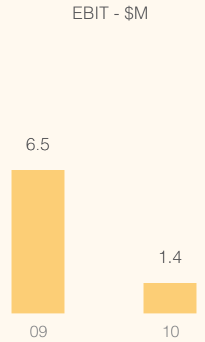
The scope of works at the Liddell Power Station encompassed boiler and valve overhaul services. At the Bayswater Power Station the scope included the replacement of both main condenser and steam feed pump expansion joints, and inspection and repair of cooling tower diffusion packs.

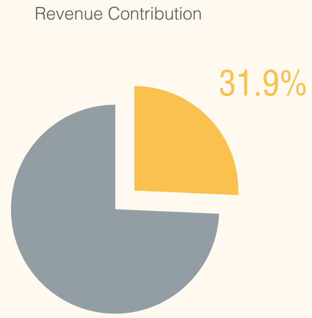
Safety was a vital component of the projects. RCR delivered both the Liddell and Bayswater Power Station projects with zero LTI's during 100,000 man hours.

Review of Operations

Resources







RCR is building relationships to improve the value proposition to customers in the resources industry

Overview

RCR's resources business provides specialist structural, construction and maintenance support services to the resource, oil & gas and LNG industries, ports and utility providers.

Services include the provision of structural, mechanical and piping ("SMP") manufacture and installation, construction, supervised plant shutdown and repair services, refurbishment and planned maintenance functions.

The business has an extensive network of regional workshops strategically positioned to service the North West of Western Australia and the Bowen Basin in Queensland.

Performance

The business was impacted by the challenging economic environment in 2009, which limited its ability to secure significant new works for the reporting period. Together with a number of low margin and legacy contracts, the business completed the year with revenues of $188.1 million and earnings of $1.4 million.

Safety performance during the year was strong with the business recognised at the Worsley Efficiency & Growth site for achieving 1500 tie-ins LTI free.

Highlights during the year included SMP works safely and successfully provided to major projects including the Worsley Efficiency & Growth Project, the Kwinana Power Station in Western Australia, Newcrest Mining's Cadia Valley Operations in New South Wales, and the Pluto LNG project on the Burrup Peninsula. The second half of the financial year saw work commence on a major dragline shut-down for Wesfarmers' Curragh Coal operations in Blackwater, Queensland, this being the sixth major dragline outage performed for Wesfarmers.

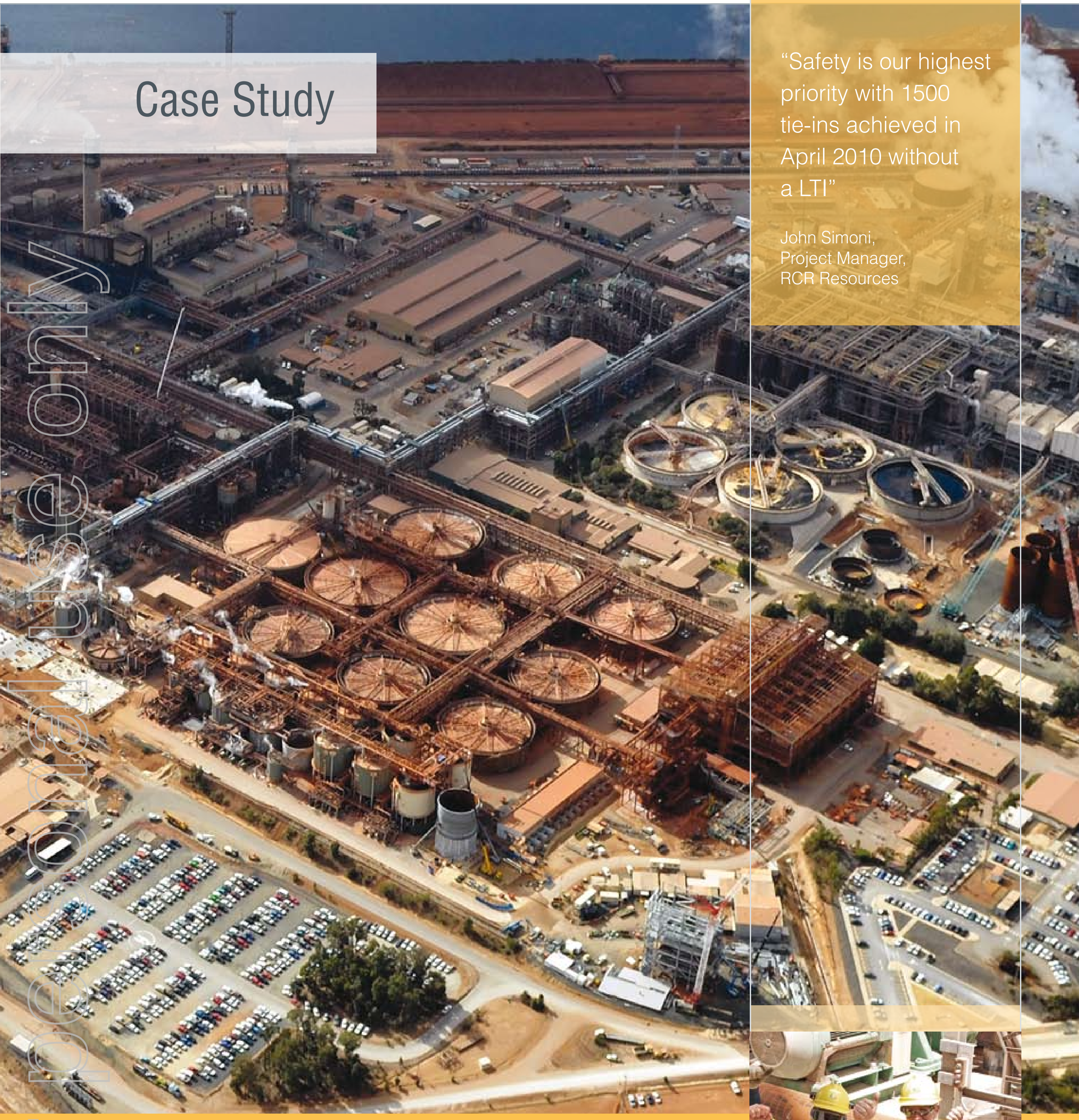
RCR's experience and focus on building client relationships was highlighted with RCR celebrating the 30th year for the maintenance works at Alcoa's port in Bunbury, Western Australia.

Outlook

Recurring work continues to drive the business, with a number of contracts extended including works at the Pluto and Worsley Efficiency & Growth Projects. Growth is expected in the iron ore, alumina, coal, CSG/LNG, construction and oil & gas industries, as a number of new projects commence.

With a focus on building relationships and expanding our capabilities the business will capitalise on synergies within the RCR Group and delivery of vertically integrated SMPE packages.

Case Study



> "Safety is our highest priority with 1500 tie-ins achieved in April 2010 without a LTI"
>
> John Simoni,
> Project Manager,
> RCR Resources

Project: Structural, Mechanical and Piping Works

Location: BHP Billiton Worsley Alumina Pty Ltd, Western Australia

Duration: 2008 – August 2011

RCR has provided structural, mechanical and piping works for the BHP Billiton Worsley Alumina Efficiency & Growth Project.

The scope has been primarily piping and structural works including the manufacture, fabrication and installation of tie-ins with electrical and civil activities as required.

The contract was extended in 2009 to include pre-commissioning activities and works associated with an upgrade of the company's Bunbury Port operations.

The works were supported by RCR's Bunbury facility and featured 90 per cent local employment.

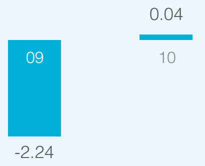
In April 2010, RCR achieved 1500 tie-ins on the expansion project without a Lost Time Injury (LTI).

Review of Operations

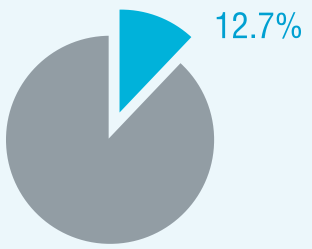
Power

Revenue - $M

EBIT - $M



Revenue Contribution



RCR's turnkey packages are focused on end to end solutions for its customers

Overview

RCR's power business offers end to end solutions for the design, fabrication, construction, installation and maintenance of electrical and instrumentation systems to the resources and infrastructure sectors. Services include maintenance, shutdowns, high voltage services and electrical installation on major projects.

The business operates from key locations in Western Australia, regional Queensland and New South Wales.

Performance

The business was impacted by slowing economic demand in the first half of the financial year and delays in the commencement of new projects. This resulted in sales of $74.7 million, however, the business returned to profit, the first under the stewardship of RCR. The business focussed on reducing overheads throughout the year and won new orders in the second half of the year totalling over $40 million, which will see it well placed to improve earnings in the next financial year.

Safety performance significantly improved in the business with a focussed effort on safety initiatives.

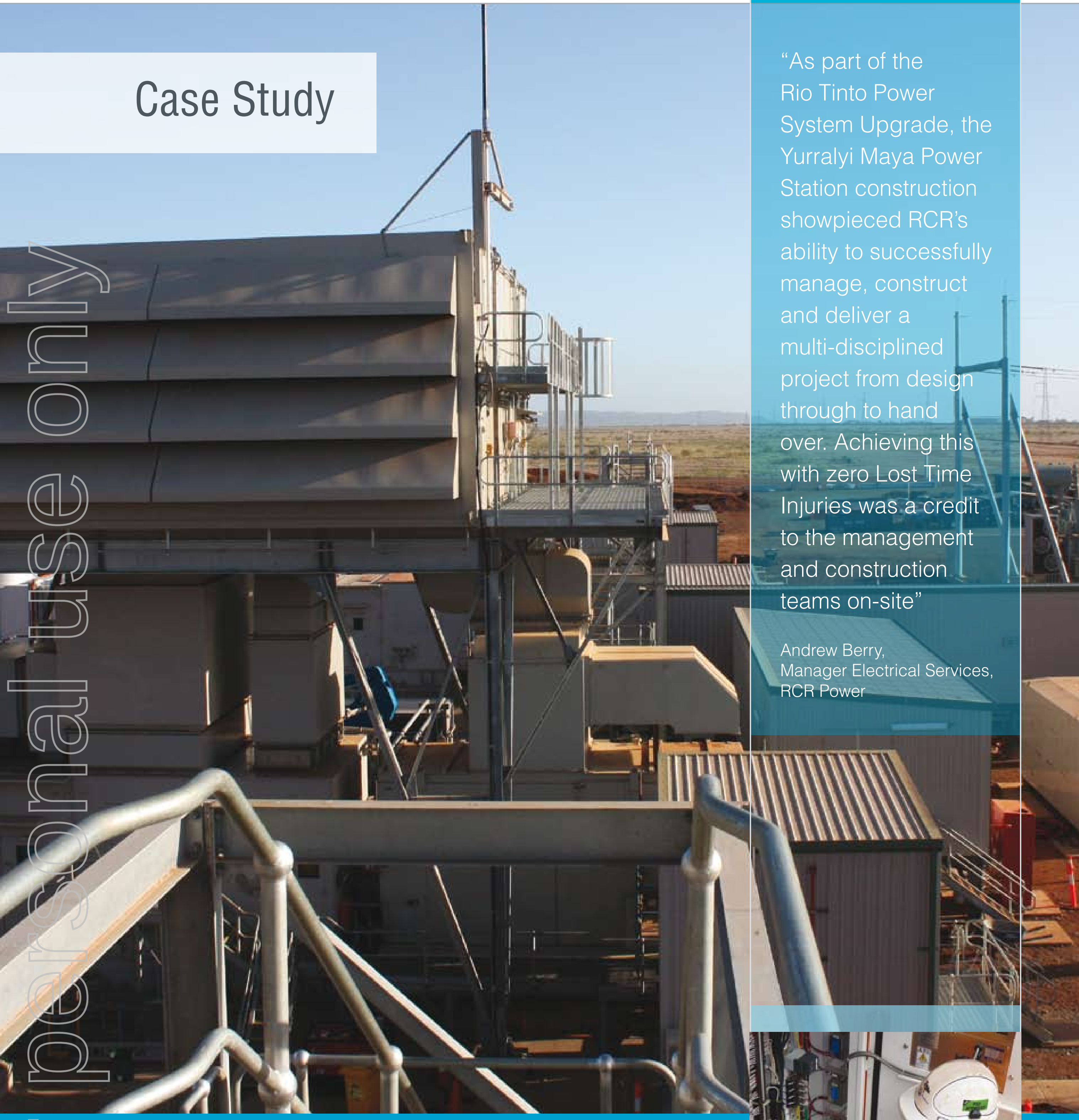
The business successfully delivered a number of projects during the year, including electrical and instrumentation works associated with the Pluto LNG main storage and condensate tanks, and a number of underground cable installation. The business also commenced works for the motor control centre manufacture, switch room fit out, and on-site electrical construction and commissioning services, for RPG5 at the Yandi site.

A highlight for the year was the completion of the electrical scope for the installation of new gas turbines at the Yurralyi Maya Power Station near Karratha, Western Australia.

Outlook

Major growth opportunities exist in new larger projects in the resources, power generation, oil & gas, and infrastructure sectors, particularly in the North West Shelf and the Pilbara in Western Australia, New South Wales and Queensland. Coal and LNG markets also provide significant opportunities in Queensland.

Building relationships, the development of an in-house design capability and integrated turnkey packages will lead to an improved revenue stream, providing our customers with competitive and cost effective solutions.



Case Study

> "As part of the Rio Tinto Power System Upgrade, the Yurralyi Maya Power Station construction showpieced RCR's ability to successfully manage, construct and deliver a multi-disciplined project from design through to hand over. Achieving this with zero Lost Time Injuries was a credit to the management and construction teams on-site"
>
> Andrew Berry,
> Manager Electrical Services,
> RCR Power

Asset Owner:	Rio Tinto
Client:	IHI Engineering
Location:	Yurralyi Maya Power Station, Karratha, Western Australia
Duration:	2009 -2010

RCR provided construction, testing and commissioning services for four new gas turbines at the Yurralyi Maya Power Station site near Karratha, Western Australia.

The scope of services included the provision of electrical and mechanical services, engineering services, procurement of materials and equipment, and testing and commissioning services for the power station's construction.

As safety was the highest priority, RCR and the client were pleased that the project had zero Lost Time Injuries during more than 200,000 RCR man hours.

Installation of a major tie-in at an alumina refinery, Western Australia

Expanding Markets

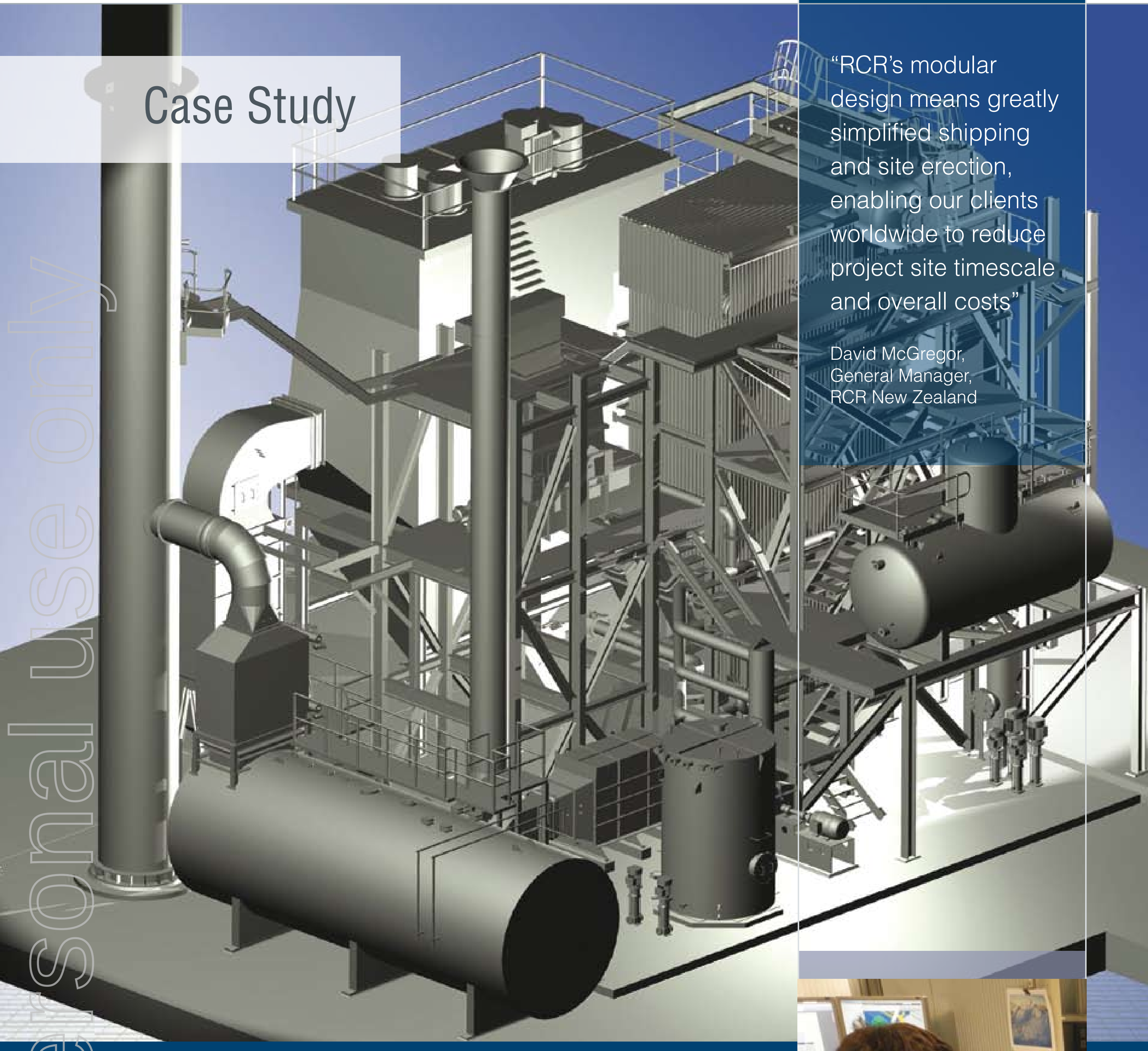
RCR is well positioned to provide integrated engineering solutions to local, regional, national and multi-national clients

During the year RCR established a project office in Kuala Lumpar, specialising in energy solutions to service medium sized gas and cogeneration projects in Thailand, Malaysia, Singapore, Indonesia and Vietnam.

This geographical expansion enables RCR to capitalise on its close proximity to Asia and to deliver its products and services to energy and power.

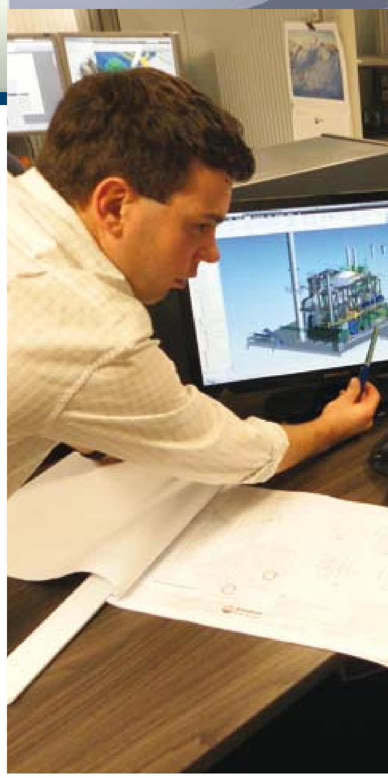
With operations in Australia, New Zealand and Malaysia delivered through RCR's four business units, RCR is well positioned to provide integrated engineering solutions to local, regional, national and multi-national clients.

Case Study



"RCR's modular design means greatly simplified shipping and site erection, enabling our clients worldwide to reduce project site timescale and overall costs"

David McGregor,
General Manager,
RCR New Zealand



Client: Nestlé
Location: Osorno, Chile, South America
Duration: 2010 - ongoing

RCR was awarded an EPC order from Nestlé to supply steam boiler plant for a new factory being built in Osorno in southern Chile, South America.

RCR was contracted to design and supply a complete, biomass-fired steam boiler plant, including a back-up boiler (LPG-fired) and all ancillary plant required within the boiler house. The main boiler will be a B&W Towerpak® boiler designed by RCR under license from Babcock & Wilcox Power Generation Group Inc. USA.

RCR's state-of-the-art boiler plant incorporates a number of innovations to maximise energy efficiency and ensure clean combustion, using vibrating grate technology suited for high moisture biomass fuels. Three-dimensional modelling design technology enabled operation and maintenance to be optimised, with modular design incorporated to improve planning and execution of shipping, road transport and erection.

The project is at the construction stage, with plant handover delivery expected in Q2 2011.

Sustainability

RCR believes consideration of our safety, quality, environment, people and community is integral to sustainable development and providing a sustainable, positive, influence environmentally, socially and economically

Safety

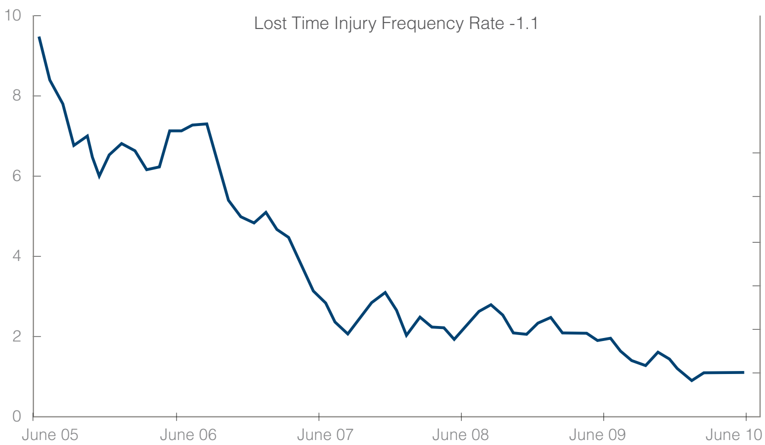
RCR considers achieving the highest standards of safety performance as a primary organisational objective, with the goal of zero harm.

RCR's dedication to safety during the year resulted in performance above industry standards and a 43% decrease in Lost Time Injury Frequency Rate (LTIFR) to 1.1. In addition there was a 24% reduction in the Total Recordable Injury Frequency Rate (TRIFR) and 85% of RCR's reporting sites recorded zero LTIs.

RCR achieved its safety KPI's across all divisions and successfully continued to execute targeted safety initiatives as part of its RCR SafetyMates Program to enhance our strong safety culture and improve our safety performance. Various operations were recognised by clients for safety on site.

RCR achieved SAI Global OH&S Management System certification to AS/NZ4801 and OHS AS18001 standards.

Our safety results reflect the continued commitment from all levels of the business in providing a safe, injury free workplace for all employees, contractors and the community.



LTIFR decreased 43% to 1.1

TRIFR decreased 24% to 13.8

Construction of track-mounted mobile mining unit plant, RCR operation in Bunbury, Western Australia

Quality

RCR introduced an Integrated Management System aligned with AS/NZS ISO 9001:2008, AS/NZS ISO 14001:2004 and AS/NZS 4801:2001 Standards.

RCR's Integrated Management System is structured for the sustainable development of our business, to increase transparency of key risk indicators, enhance corporate governance and strengthen management which are consistent with best practises.

This is part of our continual improvement process in fulfilling customer and other stakeholder requirements.

RCR increased the number its sites certified under quality standard 9001 by 17%. This completes certification of all RCR Laser businesses, RCR New Zealand operations and its Energy Service operations.

Environment

Our environmental management processes are embedded into our business delivery processes, structured to the AS14000 standard and resulted in zero environmental breaches in the last year.

In addition to compliance with government and project-based environmental requirements, RCR incorporates innovative solutions into the design phase to maximise energy efficiency and reduce emissions. This was demonstrated with the utilisation of a Selective Non Catalytic Reduction (SNCR) system in a co-generation plant for Nitrogen oxide (NOx) reduction. The plant included a process for re-activation of carbon and lime injection to reduce acid, heavy metals, and dioxins in the exhaust gas emissions.

Community

RCR has operations in over 65 locations in Australia, New Zealand and Malaysia. RCR's community policy recognises the importance of building relationships with the communities in which we operate for the health, safety and wellbeing of these communities and our employees. RCR supports a variety of local community, sporting and education programs in the communities within which it operates.

RCR continues to develop, engage and support indigenous training and education initiatives, participating in the BHP Billiton Iron Ore PINGKU program aimed to present employment pathway options within the industry for young Indigenous people in the Pilbara region. In addition RCR formed a partnership with indigenous contractor Ngurin Resources for an indigenous training initiative for a training workshop in Roebourne, Western Australia. The purpose of the initiative is to create long term employment and training opportunities for the local indigenous community.

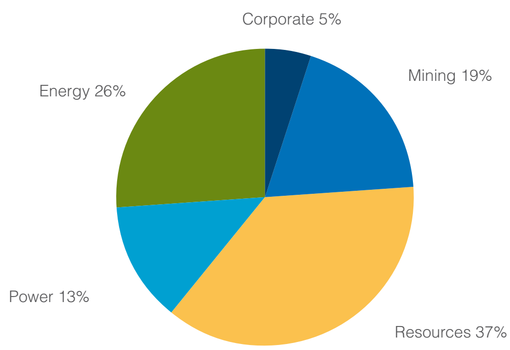
RCR aims to build effective partnerships with the communities in which it operates, being a good community partner, employer of choice and preferred supplier.

People

RCR designed and manufactured apron feeders for Rio Tinto's Brockman 4 Project, Western Australia

RCR continues its focus on the training and development of its people

Employee Distribution 2010
Total 2168



Overall employee numbers at year end were 2168, with RCR increasing the number of women in the workforce as part of RCR's Equal Employment Opportunity strategy. The continual assessment of RCR's attraction and retention strategies ensure that employee's expectations are met. RCR's learning and development initiatives and supporting systems improved induction processes, training and career development.

RCR maintained a stable industrial relations record throughout the significant changes in the national legislative framework. RCR had limited lost time occurrences due to industrial relations activity resulting in higher work force efficiency and superior customer outcomes.

Installation of major tie in at an alumina refinery, Western Australia

There was a 5% increase in the Apprentices commencing during the year with a total of 131 apprentices and trainees across the business. RCR also expanded its Engineering Graduate Scheme for engineering vocational work, with five graduates in Australia participating in the Engineers Australia Professional Development Program (PDP), and six graduates in New Zealand.

The Supervisors' and Managers' Training – Intensive Course (SAMTIC) was further developed in FY2010, with the implementation of a comprehensive module on Human Resources and Industrial Relations to provide an improved fit with operational activity and organisational culture. In addition, the businesses implemented initiatives for tailored training in boiler service and valve overhaul technicians.

Highlights

- 2168 employees
- 142 Graduates, Apprentices and Trainees
- 5% increase in Apprentices
- Increased the number of women in the workforce as part of RCR's Equal Employment Opportunity strategy
- Focus on strengthening the Senior Management Team
- Expanded Supervisors' and Managers' Training – Intensive Course (SAMTIC)
- Commitment to Indigenous Participation on major projects, implementing a MOU in the Pilbara to provide ongoing employment opportunities

Board

Roderick Brown
AWASM, AICD, AusIMM

Independent Non Executive Director and Chairman

Skills and Experience

Mr Brown is an engineer by profession and has extensive experience in marketing and general management. Mr Brown has held various senior management positions, including Managing Director, with companies involved in the engineering, mining, and industrial service sectors in Australia, USA and Europe. Mr Brown has 20 years experience as a Company Director.

Board Committee Membership

Member of Remuneration and Nomination Committee

Chair of Takeover Response Committee

Other Current Directorships

Latin Resources Limited – Chairman (appointed 14 May 2010)

Immersive Technologies Pty Ltd – Chairman (appointed 19 August 2004)

Former Directorships Over the Past Three Years

Kresta Holdings Limited (resigned 27 November 2007)

Term of Office

Director since October 2005, Chairman since January 2008

Interest in Shares and Options

136,500 ordinary shares

Eva Skira
B.A (Hons), MBA, SF Fin, FAICD, FAIM

Independent Non Executive Director

Skills and Experience

Ms Skira has a background in banking, capital markets, stock broking and the financial markets, previously holding executive positions at Commonwealth Bank in the Corporate Banking/Capital Markets divisions, and later with stockbroker Barclays de Zoete Wedd. Ms Skira is a professional Director and serves on a number of Boards in business, government and the not-for-profit sectors.

Board Committee Membership

Chair of Audit & Risk Committee

Other Current Directorships

No Directorships held in other listed companies

Former Directorships Over the Past Three Years

Advanced Ocular Systems Ltd (resigned on 26 June 2008)

Term of Office

Director since May 2008

Interest in Shares and Options

Nil

Kevin Edwards
LLB, AICD

Independent Non Executive Director

Skills and Experience

Mr Edwards is a solicitor who practices in Corporate, Commercial and Natural Resource Development areas of the law and is a partner of the law firm Warren Syminton Ralph. Mr Edwards has previously been a partner of Mallesons Stephen Jaques and Minter Ellison. Mr Edwards has considerable experience at Board level in respect to public and private companies, and various major non-profit organisations and other bodies. Mr Edwards has been a Commissioner on the National Companies and Securities Commission and a Commissioner on the West Australian Football Commission.

Board Committee Membership

Chair of Remuneration and Nomination Committee

Member of Audit & Risk Committee

Member of Takeover Response Committee

Other Current Directorships

No Directorships held in other listed companies

Former Directorships Over the Past Three Years

No Directorships held in other listed companies

Term of Office

Director since December 2005

Interest in Shares and Options

50,000 ordinary shares

David (Paul) Dippie
NZCE, MNZIoD

Non Executive Director

Skills and Experience

Mr Dippie is an engineer by profession. During his career, Mr Dippie has served on the Board of Scanpower, an electricity utility, during its restructuring into a private company. Mr Dippie was also a former Principal and Managing Director of Easteel Industries Ltd, prior to its acquisition by RCR in 2005.
Mr Dippie has extensive experience in international marketing and procurement, and a wide understanding of the markets and customers in the energy and resources industries.
Mr Dippie joined the RCR Board in March 2007, in an Executive Director and General Manager role with RCR's operations in New Zealand. In February 2009, Mr Dippie resigned his executive responsibilities and continues as a Non Executive Director.

Board Committee Membership

Nil

Other Current Directorships

No Directorships held in other listed companies

Former Directorships Over the Past Three Years

No Directorships held in other listed companies

Term of Office

Director since March 2007

Interest in Shares and Options

2,400,000 ordinary shares

Jeffrey Hogan
AICD

Non Executive Director

Skills and Experience

Mr Hogan is an experienced business owner and manager. He is an electrician by training and worked for WMC Resources as a Supervisor and for SECWA / Mines Department as a Mines Inspector and has a deep understanding of the mining and resources industries.

Mr Hogan founded the Positron Group in Kalgoorlie in 1987, prior to its acquisition by RCR in October 2007. Mr Hogan joined RCR in October 2007, as an Executive General Manager of RCR's Power business (formerly Positron) until he resigned his executive responsibilities in December 2008.

Board Committee Membership

Nil

Other Current Directorships

No Directorships held in other listed companies

Former Directorships Over the Past Three Years

No Directorships held in other listed companies

Term of Office

Director since January 2008

Interest in Shares and Options

13,112,217 ordinary shares

Charles Birmingham
AICD

Non Executive Director

Skills and Experience

Mr Birmingham is an experienced business manager and member of the Institute of Australian Company Directors. Mr Birmingham has served with RCR for over 25 years, holding a number of senior management roles in the Mining and Engineering businesses and in product development.
Mr Birmingham joined the RCR Board in 1996 as an Executive Director and in July 2008 resigned his executive responsibilities to continue in a Non Executive Director role.

Board Committee Membership

Member of Audit & Risk Committee

Other Current Directorships

No Directorships held in other listed companies

Former Directorships Over the Past Three Years

No Directorships held in other listed companies

Term of Office

Director since April 1996

Interest in Shares and Options

508,000 ordinary shares

Corporate Management

Andrew Walsh
Chief Financial Officer

Mr Walsh has over 20 years of experience in the international financial arena having held senior finance and executive roles in project based companies covering, defence, manufacturing, and oil & gas.

Mr Walsh holds a Post Graduate Diploma in Management and is a qualified Accountant, with considerable experience in corporate finance, major project accounting, strategy, mergers and acquisitions.

"Our focus is on improving our financial and risk management systems to deliver improved returns to our shareholders"

Darryl Edwards
Company Secretary

Mr Edwards is a company secretary with over 15 years' experience in mining, media, manufacturing and corporate advisory. Mr Edwards has experience in advising ASX listed entities in the areas of corporate governance, capital raisings, mergers and acquisitions, commercial and legal matters. Mr Edwards' qualifications include commerce and secretarial practice and he has also studied law.

"RCR has revitalised its journey to implementing the highest practical standards of good corporate governance practises to support management and increase transparency to all stakeholders"

Garry Ramse
Corporate Services

Mr Ramse has been working in the Construction Industry for over 32 years specialising in project management and reporting. Mr Ramse has been involved in a number of change management roles involving organisational restructures, implementation of Enterprise Reporting Packages and third party accreditations.

"Our Integrated Management System enhances delivery of synergies and relationships within each of RCR's businesses"

Charmaine Higgins
Human Resources

Ms Higgins has nearly 20 years experience in Human Resources having held senior roles in public and private companies in Australia and internationally, including manufacturing, media, health and mining sectors. Ms Higgins has completed Post Graduate disciplines in Human Resources and Industrial Psychology and is commencing her Masters in Human Resources in 2011.

"RCR's people are our strategic asset for future growth and sustainability. Our goal is to foster and encourage learning and development, establish professional capacity, and provide a rewarding work environment for our people"

Tom Clarke
Safety & Environment

Mr Clarke is a qualified professional Safety and HR practitioner with 30 years experience with large multi-national companies and RCR. Mr Clarke has held production management positions in the steel industry and safety consulting to the coal mining, power and chemical industries.

"Our certified OH&S Management System, the SafetyMates "Looking After Each Other" programs, and promotion of a strong safety culture are integral to our goal of Zero Harm"

Kym Low
Legal

Ms Low is a qualified professional with considerable experience in private practice advising clients in the areas of commercial transactions, construction, company and property law. Ms Low has a Bachelor of Law degree from the University of Western Australia and is admitted as a barrister and solicitor of the Supreme Court of Western Australia.

"Our aim is to provide a support function to the businesses and find a commercial solution without compromising our legal interests"

FINANCIAL REPORT 2010

Contents

Directors' Report

Statutory Matters

The Directors present their report on the consolidated entity comprising RCR Tomlinson Ltd ("RCR" or "the Company") and its controlled entities ("the consolidated entity") for the year ended 30 June 2010 ("the financial year"). RCR is a company limited by shares that is incorporated and domiciled in Australia.

Board of Directors

The Directors of RCR Tomlinson in office during the financial year and up to the date for this report were:

Roderick Brown
Eva Skira
Kevin Edwards
Paul (David) Dippie
Jeffrey Hogan
Charlie Birmingham

The qualifications, experience and special responsibilities of each Director at the date of this report, including all directorships of other listed companies held, or previously held, by a Director at any time in the past three years, are set out on pages 24 to 25 of the Annual Report.

Board Meeting Attendance

Particulars of the number of meetings of the Board of Directors of RCR and each Board committee of Directors held and attended by each Director during the 12 months ended 30 June 2010 are set below.

Directors in Office and Attendance at Board and Board Committee Meetings During 2009/2010

			Board Committee Meetings					
	Board Meetings		Audit and Risk Committee		Remuneration and Nomination Committee		Takeover Response Committee	
	A	B	A	B	A	B	A	B
Roderick Brown	11	11	3*	4	1	1	-	-
Eva Skira	11	11	4	4	-	-	-	-
Kevin Edwards	9	11	3	4	1	1	-	-
Charlie Birmingham	11	11	4	4	-	-	-	-
Paul Dippie	10	11	1*	4	-	-	-	-
Jeffrey Hogan	11	11	2*	4	-	-	-	-

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the relevant committee during the year.
* Indicates that a Director attended some meetings by invitation whilst not being a member of a specific committee

Directors' Interests in RCR Shares

The relevant interests of each Director in the ordinary share capital of RCR, as notified by the Directors to the Australian Securities Exchange in accordance with Section 205G (1) of the *Corporations Act 2001* at the date of this report, is as follows:

	Number of Ordinary Shares
Roderick Brown	136,500
Eva Skira	-
Kevin Edwards	50,000
Jeffrey Hogan	13,112,217
Paul Dippie	2,400,000
Charlie Birmingham	508,000

Company Secretaries

The current Company Secretary is Mr Darryl Edwards. Mr Edwards was appointed to the position of company secretary on 9 November 2009.

During the financial year Mr Phillip Crighton was the Company Secretary from 21 February 2006 until his resignation on 20 October 2009 and Mr Garry Ramse was appointed interim Company Secretary during the period 20 October 2009 to 9 November 2009.

Principal Activities

The principal activities of the consolidated entity during the financial year consisted of the provision of integrated engineering solutions to the Mining, Resources, Energy and Power sectors and comprising design, manufacture, service, construction, repair and maintenance to industry.

Operating and Financial Review

Results for the Year and Review of Operations

The consolidated entity recorded a net profit after tax (NPAT) of $17.46 million for the 12 months to 30 June 2010, compared to a NPAT of $13.95 million in the previous year. Revenues of $545.6 million were 8% lower than the previous year mostly due to timing of activity on a number of major projects undertaken over the past 24 months. Net debt reduced significantly in the year to $23.1 million mostly reflecting strong cash generation from operating activities.

The result, the first under the new executive leadership team led by Chief Executive Officer Dr Paul Dalgleish, reflects the key management focus of restructuring RCR for future growth through tighter financial management, eliminating underperforming business streams and systematically reducing onerous legacy contracts.

Net Earnings included the benefit from increased R&D activity realised in an improved tax position, income from the sale of the Company's vehicle fleet partly offset by reduced activity levels across the business in the first half of the year, increased costs on contracts commenced last financial year in excess of 2009 year-end expectations and one-off restructuring costs.

The financial year was characterised by a renewed focus on RCR's core business, a more robust order book which has increased in July 2010 to over $300 million, a movement towards larger contracts and continuous revenue streams.

The Business is organised into four reporting units the performance of which is outlined below.

The Resources business provides specialist Structural Mechanical and Piping services (SMP) and supervised shutdown maintenance services. The business generated revenues of $188.1 million in the year slightly down on last year ($192.8 million). Earnings at $1.4 million were impacted by the lower activity and reductions in project profitability where the outturn margins were lower than anticipated in 2008/09. The business has been restructured and is well placed given the regional spread of its workshops to deliver increased revenues as new Resource projects are sanctioned through the next 12 months and beyond.

The Mining business is a leader in the design and manufacture and support of materials and mechanical handling equipment. Revenues in the year of $166.5 million were impacted by both the downturn in the Resources sector in Australia and a change in project mix following completion of mobile mining unit contracts earlier in the year. Earnings of $8.0 million, (compared to $14.2 million last year) were particularly impacted by the lower revenues in the offsite repair business. Order Intake has improved over the last six months as activity in the Resources sector has recovered.

The Power business provides end to end solutions for design through to installation of electrical and instrumentation systems to the Resources and Infrastructure sectors. Revenues at $74.6 million were 5% lower than last year. Earnings improved to break even reflecting better monitoring of project profitability and cost restructuring. The business secured $40 million of new work in the last six months providing further opportunities to recover earnings performance to more normal levels.

The Energy business provides project solutions for power projects for Industrial and commercial clients. Revenues were again impacted by the GFC reducing by 11% to $159.0 million. Earnings however improved to $6.1 million compared to $0.8 million last year due to improved project margin performance, elimination of loss making contracts and rationalisation and restructuring of the Laser business which is now contributing positively to the results of the business unit. The business has secured a number of new projects and enters the 2010/11 financial year with a strong order book.

Cash and Net Debt

The consolidated entity reported a significant improvement in net debt in the financial year. Overall net debt levels reduced to $23.1 million compared to $48.6 million at the start of the financial year. Debt to equity ratio improved from 26.2% at the end of last financial year to 11.3% at 30 June 2010. The movement reflects improved operating cash management, the sale of the consolidated entity's vehicle fleet to a specialised fleet management provider and noncore Property sales. The business has $25 million of undrawn funds and capacity within its banking agreements to meet increased bonding requirements in line with its business plan.

Shareholder Returns and Capital Structure

The consolidated entity achieved a 20% increase in earnings per share to shareholder compared to the previous year. At 30 June 2010, there were 131,860,172 ordinary fully paid shares on issue.

Employees

The consolidated entity employed 2,162 employees as at 30 June 2010 (2009: 2,206).

Dividends

Since the reporting date, the Directors have declared a fully franked dividend up 20% on the previous year of 3.0 cents per share (2009: 2.5 cents per share) in respect of the financial year ended 30 June 2010, payable on 22 October 2010. The amount of this dividend will be $3.9 million (2009: $3.3 million).

No provision has been made for this dividend in the financial report as the dividend was not declared or determined by the Directors on or before the end of the financial year.

Significant Changes in the State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review.

Events Subsequent to the End of the Financial Year

There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material or unusual nature which, in the opinion of the Directors has, or may, significantly affect the operations or financial position of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future periods.

Performance Rights

Performance Rights on Issue

During the year 2,500,000 (2009: nil) performance rights were issued to Senior Executives and since the end of the financial period no performance rights were forfeited or cancelled.

Options

Options on Issue

Details of options over unissued shares in RCR as at the date of this report are set out below:

	Number	Exercise Price	Grant Date	Expiry Date
Unlisted Employee Incentive Options	710,000	$2.20	02 July 2007	02 July 2012
Unlisted Employee Incentive Options	170,000	$2.20	13 July 2007	13 July 2012
Unlisted Employee Incentive Options	560,000	$1.20	23 Sept 2008	24 Sept 2013
Unlisted Employee Incentive Options	385,000	$1.20	26 Jun 2009	24 Sept 2013
Unlisted Employee Incentive Options	1,400,000	$0.39	17 Jun 2009	30 Sept 2012
Unlisted Employee Incentive Options	1,400,000	$0.39	17 Jun 2009	30 Sept 2013
Unlisted Employee Incentive Options	1,400,000	$0.39	17 Jun 2009	30 Sept 2014
Unlisted Employee Incentive Options	2,400,000	$0.39	17 Jun 2009	30 Sept 2015
Unlisted Employee Incentive Options	1,400,000	$0.39	17 Jun 2009	30 Sept 2016
	9,825,000			

No options were issued during the financial period and no options have been granted since the end of the financial year and the date of this report.

No option holder has any right under the terms of the options to participate in any other share issue of the Company or any other entity.

Options Exercised, Forfeited, Cancelled or Lapsed

During or since the end of the financial period 1,070,000 shares were issued at 90 cents per share on the exercise of options, 1,985,000 options were forfeited or cancelled and 447,500 options expired or lapsed in accordance with the terms of the Employee Share Option Plan.

Environmental Disclosure

The Company's operations are subject to various Commonwealth and State laws governing the protection of the environment. So far as the Directors are aware, there have been no material breaches of the Company's licenses and all activities have been undertaken in compliance with the relevant environmental regulations.

Indemnities and Insurance

Insurance

During the financial year the Company paid a premium to insure the Directors and Officers, including former Directors and Officers, of the consolidated entity against liabilities incurred in the performance of their duties, except where the liability arises out of conduct involving a lack of good faith.

The officers of the consolidated entity covered by the insurance policy include any person acting in the course of duties for the consolidated entity who is, or was, a Director, executive officer, company secretary or a senior manager within the consolidated entity.

The liabilities insured relate to:

- legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers, in their capacity as officers, of entities in the consolidated entity; and
- any other liability that may arise from their position, with the exception of conduct involving a wilful breach of duty or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liability and legal expenses and insurance contract, as such disclosure is prohibited under the terms of the contracts.

Indemnity

The Company has agreed with each of the Directors in office at the date of this report and with executive officers Messrs Dalgleish, Walsh, Noordhoek and Edwards, and former Directors and Officers Messrs Spence and Linden, indemnifying these Officers against any liability to any person other than the Company or a related body corporate that may arise from their acting as officers of the Company notwithstanding that they may have ceased office. There is an exception where the liability arises out of conduct involving a lack of good faith or otherwise prohibited by law.

Non-Audit Services

In accordance with the Company's External Auditor Policy and Guidelines, the Company may decide to engage the external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the consolidated entity are important.

Details of the amounts paid or payable to the auditor, RSM Bird Cameron Partners, for audit and non-audit services provided during the financial year are set out in note 6 of the financial report.

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, are satisfied that the provision of the non-audit services detailed in note 6 of the financial report were compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are also satisfied that the provision of these non-audit services did not compromise the auditor independence requirements of the *Corporations Act 2001* because:

- they have no reason to question the veracity of the auditor's independence declaration referred to in the section immediately following this section of the report; and
- the nature of the non-audit services provided is not inconsistent with those requirements.

Auditors' Independence Declaration

RSM Bird Cameron Partners continues as external auditor in accordance with section 327 of the *Corporations Act 2001*. The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 56 and forms part of this report.

Loans to Directors and Executives

During the financial year and up to and including the date of this report no loans have been made to any Directors or executives of the consolidated entity.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission. In accordance with that Class Order, amounts in the Financial Statements and the Directors' Report have been "rounded off" to the nearest $1,000, unless specifically stated.

Remuneration Report (Audited)

Introduction

This Remuneration Report forms part of the Directors' Report for 2010 and outlines the remuneration arrangements for RCR's Directors and Senior Executives who have the authority and responsibility for planning, directing and controlling the activities of RCR Tomlinson Ltd ("Key Management Personnel"). This report has been audited by RSM Bird Cameron Partners.

Structure of this Report

RCR's 2010 Remuneration Report is divided into the following sections:

1. Overview of RCR's Executive remuneration arrangements
2. Explanation of Executive remuneration arrangements for the year ended 30 June 2010
3. Company performance and the link to remuneration
4. Details of CEO & Senior Executive remuneration for the year ended 30 June 2010
5. CEO and Senior Executive Service agreements
6. Non Executive Directors' remuneration

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Key Management Personnel

RCR's Key Management Personnel comprise the following individuals:

Table 1 - Current Key Management Personnel - as at the Date of this Report

Name	Position	Period
Non Executive Directors		
Roderick Brown	Non Executive Chairman	Full financial period
Eva Skira	Non Executive Director	Full financial period
Kevin Edwards	Non Executive Director	Full financial period
Jeffrey Hogan	Non Executive Director	Full financial period
Paul Dippie	Non Executive Director	Full financial period
Charlie Birmingham	Non Executive Director	Full financial period
Executives		
Paul Dalgleish	Chief Executive Officer	Full financial period
Andrew Walsh	Chief Financial Officer	25 January 2010 to 30 June 2010
Ian Gibbs	General Manager – Mining Technologies	4 January 2010 to 30 June 2010
Joseph Tufilli	General Manager – Mining OSR	4 January 2010 to 30 June 2010
Alan Nightingale	General Manager – Energy	4 January 2010 to 30 June 2010
John Noordhoek	General Manager – Resources from January 2010 and former Director and CEO until May 2009	Full financial period

These key management personnel also represent the five highest paid executives of the Company and of the consolidated entity.

For the purposes of this report, the term 'Executive' includes the Chief Executive Officer, the Chief Financial Officer, executive directors, senior executives and general managers, and the term 'Director' refers to Non Executive Directors only.

Table 2 - Key Management Personnel – Who either during or since the end of the year have left the Employment of the Consolidated Entity or are no longer defined as Key Management Personnel

Name	Position	Period
Former Executives		
Phillip Crighton	Chief Financial Officer and Company Secretary	1 July 2009 to 20 October 2009
David Hegerty	General Manager - Resources	1 July 2009 to 16 February 2010
David Russell	General Manager - Power	1 July 2009 to 16 December 2009
Jeffrey Smith	General Manager – Mining and Engineering	1 July 2009 to 6 December 2009

1.0 Overview of RCR's Executive Remuneration Arrangements

Board Remuneration and Nominations Committee

The Board Remuneration and Nominations Committee ("the Committee") assists the Board to fulfil its responsibilities to shareholders by ensuring the consolidated entity has remuneration policies that fairly and competitively reward Executives. The Committee's decisions on reward structures are based on the current competitive environment, remuneration packages for Executives and employees in the engineering industry and the size and complexity of the consolidated entity.

The Committee's responsibilities include reviewing the Company's remuneration framework, evaluating the performance of the Chief Executive Officer ("CEO") and monitoring performance of the Senior Executive team.

Independent remuneration consultants are engaged by the Committee, from time to time, to ensure the Company's remuneration system and reward practices are consistent with market practices.

Remuneration Approval Process

The Board approves the remuneration arrangements of the CEO and all short-term incentive and long-term incentive awards, following recommendations from the Remuneration and Nomination Committee.

Remuneration Strategy

The principles of RCR's executive remuneration strategy and supporting incentive programs and frameworks are:

- ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of Executive talent;
- structure remuneration at a level that reflects the executive's duties and accountabilities;
- align rewards to business outcomes which deliver value to shareholders;
- drive a high performance culture by setting performance objectives and rewarding high performing individuals; and
- comply with applicable legal requirements and appropriate standards of governance.

Executive remuneration is reviewed annually having regard to individual and business performance against agreed financial and non-financial performance measures set at the beginning of the financial year. RCR undertakes from time to time a remuneration review to determine the total remuneration positioning against the market. The review includes advice from external consultants.

Remuneration Structure

RCR's remuneration structure for Executives has several components:

- Total Fixed Remuneration ("TFR") - which includes base salary, superannuation contribution and other benefits such as motor vehicle and allowances.
- Variable Annual Rewards - 'at risk' component relates to performance and comprises:
  - a cash-based short-term incentive ("STI"); and
  - participation in long-term incentive equity plans ("LTI").

The design of STI and LTI rewards and relevant performance hurdles and vesting are reviewed periodically with external remuneration consultants. Details on the STI and LTI rewards are set out below in section 2.0.

2.0 Explanation of Executive Remuneration Arrangements for the Year Ended 30 June 2010

The following table summarises the 'mix' of fixed and 'at risk' pay (as a proportion of 100%) for the CEO, CFO and other Senior Executives expressed as an average for the year and based on the numbers disclosed in Table 6.

Table 3 – Summary of Allocation of Remuneration for the 2010 Year

		At Risk Variable Annual Reward	
Position	Not at Risk Total Fixed Remuneration	STI	LTI
CEO	56.0%	35.0%	9.0%
CFO	40.0%	17.7%	42.3%
Other Executives*	89.9%	7.3%	2.8%

* Other Executives are comprised of current serving Senior Executive Personnel

Total Fixed Remuneration

TFR is determined on the basis of the scope of the executive's role and the individual level of knowledge, skill and experience. RCR annually reviews in September the TFR and benchmarks this against appropriate market comparisons using information and advice from external consultants.

There is no guarantee of base pay increases included in any Executives' contract.

Variable Remuneration - Short-Term Incentive Component (STI)

Variable Remuneration Structure

STI's are set at levels so as to provide sufficient incentive to Executives to achieve the operational targets and as such the cost to the Company is reasonable in the circumstances.

Actual STI payments awarded to each Executive depend on the extent to which specified key performance indicators ("KPI's") set at the beginning of the year are met. The KPI's include clearly defined Group, business unit, safety and individual measures. STI payments are assessed by the Remuneration and Nomination Committee within three months of the reporting date. Payments are paid in cash in the following reporting period.

Table 4 – STI Rewards as a Percentage of Total Fixed Remuneration (TFR) for Executives are Structured as follows

		Short Term Incentive (STI) as a percentage of TFR	
	Performance Measure	Range	Target[1]
CEO	Financial measure – minimum of 25% growth in NPAT Non-financial measure – safety performance	0% to 150%	62.5%
CFO	Financial measure – minimum of 25% growth in NPAT Non-financial measure – safety performance	0% to 45%	25%
Other Executives	Financial measure – minimum of 15% growth in Business Unit EBIT or other measures agreed Non-financial measure – safety performance	0% to 25%	15% - 25%

[1] Target is the percentage reward based on target NPAT/EBIT growth

Variable Remuneration - Long-term Incentive Component (LTI)

LTI awards are made on appointment of key Executives and reviewed annually (depending on Company performance) and are aligned with the creation of shareholder value for the long-term. As such LTI awards are only made to Executives and other key employees who have an impact on the consolidated entity's performance against the relevant long-term performance measures.

Performance Rights – under the RCR Long Term Incentive Plan

During the 2010 financial year the primary long-term incentive was focused on the allocation of performance rights, which will only vest subject to pre-defined performance hurdles.

CEO Options – Issued to CEO (as approved by shareholders on 28 October 2009)

The primary long-term incentive for the CEO was focused on the allocation of options ("CEO Options"). The CEO Options will only vest subject to pre-defined performance hurdles (refer below). The exercise price of the CEO Options was set at the market price at the date agreement was reached with the CEO to commence employment with RCR. CEO Options are exercisable up to two years after vesting before the options lapse.

Performance Hurdles for Performance Rights and CEO Options

CEO Options and performance rights are granted in two tranches and are based on achievement of pre-determined performance hurdles ("KPI's").

- continuous employment tranche – which are subject to performance criteria based on years of services and form part of the a retention strategy for Senior Executives; and
- performance tranche – which are subject to performance hurdles ("KPI's"). The KPI's are set by reference to Earnings Per Share ("EPS") growth targets and Total Shareholder Returns ("TSR").

Employee Share Option Plan (Approved by Shareholders in September 2006 and Reconfirmed in October 2009)

In prior reporting periods the primary long-term incentive was focussed on the grant of options ("Employee Options"). Employee Options vested between two and three years after being granted and the exercise price of the option was set at the market price at the date of grant. Employee Options are exercisable up to three years after vesting before the options lapse.

No grants of Employee Options were made during the reporting period and no Employee Options vested in the reporting period.

The RCR Employee Share Option Plan will be reviewed in the 2011 financial reporting period.

Termination and Change of Control Provisions

Where a participant ceases employment prior to the vesting of performance rights, CEO Options or Employee Options, they are forfeited.

In the event of a change of control of RCR and in respect of CEO Options and performance rights, the performance period end date is generally brought forward to the date of the change of control and awards may vest subject to performance over the shortened period and certain performance measures.

In the event of a change of control of RCR and in respect of the Employee Options, the Board may declare an option to be free of any conditions of exercise and may be exercised at any time on or before their expiry.

No Hedging of LTIs

As part of the Company's Share Trading Policy, the Company prohibits Executives from entering into arrangements to protect the value of unvested LTI awards. This includes entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

3.0 Company Performance and the Link to Remuneration

The financial performance measure driving STI payments outcomes is NPAT growth and safety. The following table outlines RCR's financial and safety performance over the last five years.

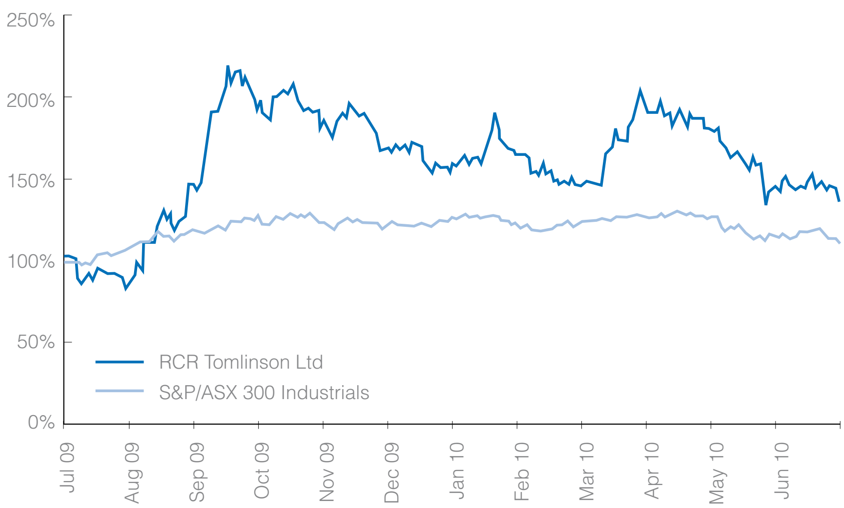
Table 5 – RCR Financial Performance for the Past Five Years

Year Ended 30 June	2010	2009	2008	2007	2006
Net profit after tax – 'NPAT' ($ million)	17.46	13.95	17.95	17.63	15.83
Earnings per share – 'EPS' (cents)	13.3	11.1	14.7	15.7	17.4
Safety (LTIFR)	1.11	1.93	1.91	3.19	7.12
Market capitalisation ($ million)	109.4	75.5	87.3	249.3	225.6
Closing share price ($)	0.83	0.60	0.75	2.20	2.38
Total shareholder returns – 1 year (%)	35.71%	-20.73%	-62.21%	-5.88%	202.52%
Total shareholder returns – 3 year rolling (%)	-56.59%	-68.91%	9.43%	544.14%	929.74%

The performance measure which drives LTI awards is growth in earnings per share ("EPS") and the Company's total shareholder returns ("TSR") relative to companies within the S&P/ASX 300 Industrials Index. The graph below shows the performance of RCR as measured by RCR's TSR and the comparative index for the past year. Information in prior years is not detailed as no previous LTI awards included a link to TSR performance.

As a result of the Company's performance, LTI awards for 2010 will vest on 30 September 2010.

Chart 1 – RCR Total Shareholder Return compared to S&P/ASX 300 Index



4.0 Details of CEO & Senior Executive Remuneration for the Year Ended 30 June 2010

(a) Remuneration of CEO and Senior Executives

Details on the nature and amount of remuneration of RCR's CEO and Senior Executives and the five most highly remunerated officers for the years ended 30 June 2010 are as follows.

Table 6 – Remuneration of CEO and Senior Executives

		Short-term			Post Employment		Long-term			
	Year	Salary $'000	Other Benefits $'000	STI $'000	Super $'000	Retirement benefits $'000	Long service leave $'000	Share Based Payment $'000	Total $'000	Performance Related %
Note in this Report		Notes 4(b) & 5(a)	Note 4(b)	Note 4(c)		Note 5(b)		Note 4(d)		
CEO										
Paul Dalgleish	2010	621	165	500	14	-	-	129	1,429	44.0
	2009	76	2	-	7	-	-	11	96	11.5
Other Executives										
Andrew Walsh	2010	227	-	103	6	-	-	246	582	66.0
	2009	-	-	-	-	-	-	-	-	-
Ian Gibbs	2010	253	15	40	14	-	36	29	387	17.8
	2009	-	-	-	-	-	-	-	-	-
Joe Tufilli	2010	238	15	40	14	-	-	17	324	17.6
	2009	-	-	-	-	-	-	-	-	-
Alan Nightingale	2010	336	-	40	-	-	-	-	376	10.6
	2009	-	-	-	-		-	-	-	-
John Noordhoek	2010	481	22	-	46	-	-	-	549	-
	2009	409	22	85	39	-	-	-	555	15.3
Former Executives										
Phillip Crighton	2010	198	7	-	14	300	-	-	519	-
	2009	240	25	-	24	-	-	36	325	11.1
David Hegerty	2010	335	15	-	26	-	-	-	376	-
	2009	287	30	-	29	-	-	36	382	9.4
David Russell	2010	220	64	-	11	-	-	-	295	-
	2009	323	8	-	20	-	-	-	351	-
Jeffrey Smith	2010	219	16	-	52	361	-	-	648	-
	2009	311	25	75	30	-	-	36	477	23.3
Total	2010	3,128	319	723	197	661	36	421	5,485	20.9
	2009	1,646	112	160	149	-	-	119	2,186	12.8

Notes:

STI awards are in respect of the 2010 financial period and are accrued entitlements which will be paid in September 2010. Refer to Note 4(c) below.

Share Based payments – refer to note 4(d) below.

(b) Remuneration of the Chief Executive Officer, Dr Paul Dalgleish

Dr Dalgleish was appointed on 25 May 2009, as Chief Executive Officer. Under the employment contract with Dr Dalgleish he is entitled to receive an annual TFR, plus entitled to STI and LTI awards. Details of Dr Dalgleish's contract and remuneration are described below and set out in Table 6 above.

The remuneration provisions of Dr Dalgleish's employment contract as it applied for 2009/10 provided for:

Total Fixed Remuneration (TFR)

Dr Dalgleish's annual fixed remuneration, as Chief Executive Officer, is $800,000 per annum, comprising of salary, other benefits and superannuation. Included in other benefits is an amount for a vehicle allowance and costs related to the cost of relocation from Sydney to Perth, which have been paid in lieu of salary.

Short-Tem Incentives (STI)

Dr Dalgleish is eligible to receive STI incentive awards up to 150% of his TFR, subject to performance hurdles including, 25% growth in NPAT for the financial year and achievement of key safety indicators.

In respect of the 2010 financial year, Dr Dalgleish is entitled to an STI award of $500,000 representing 62.5% of his TFR, which was payable on achievement of pre-defined performance hurdles including, a 25% growth in NPAT for the 2010 financial year and achievement of key safety indicators which resulted in a LTIFR of 1.11 at 30 June 2010 (target LTIFR of less than 2.5).

Long-term Incentives (LTI) & Share-based payments (as approved by shareholders on 28 October 2009)

Dr Dalgleish's employment contract provided for the grant of 8,000,000 CEO Options on his commencement date of 25 May 2009. The CEO Options are subject to performance hurdles including:

(i) Up to 1,000,000 CEO Options vest in three tranches between 1 January 2012 and 1 January 2014 on completion by Dr Dalgleish of continuous employment with RCR to the vesting dates.

(ii) Up to a maximum of 7,000,000 CEO Options vest in five equal tranches between 30 September 2010 and 30 September 2014, subject to:

- (A) Total Shareholder returns for each relevant financial year exceeding the S&P/ASX 300 Index; and
- (B) The achievement in each of the financial years ended 30 June 2010 to 30 June 2014 of a minimum earnings per share hurdle as per Table 7.
- (C) The number of CEO Options that vest in each tranche will depend on the amount by which the minimum EPS in the relevant year exceeds the EPS target on a pro-rata basis and up to the limit of the EPS maximum.

Table 7 – Vesting Conditions of CEO Options Tranches

	Minimum		Maximum	
Financial Year Ended	Number of Options	EPS (target)	Number of Options	EPS (max)
30 June 2010	900,000	12.77 cents	1,400,000	13.88 cents
30 June 2011	900,000	14.68 cents	1,400,000	17.34 cents
30 June 2012	900,000	16.88 cents	1,400,000	21.68 cents
30 June 2013	900,000	19.41 cents	1,400,000	27.10 cents
30 June 2014	900,000	22.33 cents	1,400,000	33.87 cents

The exercise price of the CEO Options is 39 cents per share, being the price equivalent to the market price of the Company's Shares on the commencement date of Dr Dalgleish's employment.

If Dr Dalgleish leaves the employment of RCR, the CEO Options lapse.

Further details on how the CEO Options operate are set out in the rules and in the notice of the 2009 Annual General Meeting at which the options were approved by shareholders.

The value of the CEO Options on the date of grant was $291,962 (refer to Table 8 below). An amount of $128,648 was expensed during the reporting period in accordance with Accounting Standards for share-based accounting.

In respect of the Company's performance for the 2010 financial year, the maximum LTI award which vest to the Dr Dalgleish, upon satisfaction of the pre-defined criteria, is 1,400,000 CEO Options. At the date of this report, the Remuneration and Nominations Committee has determined that in respect of performance for the 2010 financial year that the minimum performance hurdles (set out above) had been exceeded (namely, FY 2010 EPS was 13.3 cents and RCR's TSR performance was 35.71% compared to the S&P/ASX 300 index of 11.42%). Accordingly 1,140,990 CEO Options will vest on 30 September 2010 and 259,010 CEO Options will lapse on 30 September 2010.

Termination Benefits

Dr Dalgleish is entitled to 100% of his total fixed remuneration (equivalent to 12 months pay) if his employment is terminated, other than for good cause, plus statutory entitlements for annual leave and superannuation.

(c) STI Awards for 2010

The Remuneration and Nomination Committee has considered the STI payments for the 2010 financial year and determined the maximum STI award available for the named Executives is $723,000, which will be paid in the 2011 financial year. This amount has been fully accrued in the 2010 financial year and disclosed in Table 6.

The STI awards payable to the CEO and CFO, for the 2010 financial year, represented achievement of a 25% growth in NPAT for the financial year and achievement of key safety indicators.

For the 2009 financial year, STI awards of $160,000 as previously accrued in that period vested to named Executives and were paid in the 2010 financial year.

(d) Share Based Compensation

Details on share based securities affecting remuneration in this or future reporting periods are shown in Tables 7, 8, 9 and 10. During the 2010 financial year, an amount of $421,000 was expensed in accordance with Accounting Standards for share-based accounting.

The terms and conditions of CEO options over RCR shares, affecting the remuneration of the CEO at the end of the reporting period or in future reporting periods, are set out below in Table 8.

Table 8 – Key Terms over CEO Options Held by the CEO

Name	Grant Date	CEO Options Granted	Vested in 2010	Lapsed/ forfeited in 2010	Exercise price	Fair value per option at grant	Vesting Date	Expiry Date
Paul Dalgleish	17 June 2009	333,000[1]	-	-	$0.39	$0.106	1 Jan 2012	30 Sept 2015
		333,000[1]	-	-	$0.39	$0.088	1 Jan 2013	30 Sept 2015
		334,000[1]	-	-	$0.39	$0.070	1 Jan 2014	30 Sept 2015
		900,000[2,3]	-	-	$0.39	$0.069	30 Sept 2010	30 Sept 2012
		500,000[2,3]	-	-	$0.39	$0.035	30 Sept 2010	30 Sept 2012
		900,000[2]	-	-	$0.39	$0.052	30 Sept 2011	30 Sept 2013
		500,000[2]	-	-	$0.39	$0.021	30 Sept 2011	30 Sept 2013
		900,000[2]	-	-	$0.39	$0.035	30 Sept 2012	30 Sept 2014
		500,000[2]	-	-	$0.39	$0.011	30 Sept 2012	30 Sept 2014
		900,000[2]	-	-	$0.39	$0.021	30 Sept 2013	30 Sept 2015
		500,000[2]	-	-	$0.39	$0.004	30 Sept 2013	30 Sept 2015
		900,000[2]	-	-	$0.39	$0.011	30 Sept 2014	30 Sept 2016
		500,000[2]	-	-	$0.39	$0.001	30 Sept 2014	30 Sept 2016
		8,000,000						

1. Subject to continuous service performance hurdle.
2. Subject to performance hurdles, including growth in earnings per share (EPS) and Total Shareholder Returns (TSR).
3. The maximum number of CEO options which may vest is 1,400,000. Subsequent to the year end the Board has determined that a total of 1,140,990 CEO Options will vest on 30 September 2010 and 259,010 CEO Options will lapse on 30 September 2010

Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

Performance Rights

During the 2010 financial year 2,200,000 performance rights were granted to Executives named in this report. At the date of this report, the Remuneration and Nomination Committee has determined that in respect of performance for the 2010 financial year that 100,000 performance rights will vest on 30 September 2010.

Performance rights vest subject to pre-defined performance hurdles which include achievement of continuous employment TSR hurdles and EPS hurdles which are consistent with those hurdles applicable to the CEO Options as detailed in section 4(b) and Table 7.

The terms and conditions of performance rights over RCR shares, affecting the remuneration of the Executives in office at the end of the reporting period or in future reporting periods, are set out below in Table 9.

Table 9 – Key Terms over Performance Rights Held by Executives

Name	Grant Date	Performance Rights granted	Vested in 2010	Lapsed/ forfeited in 2010	Fair value per performance right	Vesting Date
Andrew Walsh	25 January 2010	100,000[2,3]	-	-	$0.7085	30 Sept 2010
		333,333[2]	-	-	$0.7596	30 Sept 2011
		333,333[2]	-	-	$0.7704	30 Sept 2012
		233,334[2]	-	-	$0.7790	30 Sept 2013
		333,333[1]	-	-	$1.04	25 Jan 2012
		333,333[1]	-	-	$1.04	25 Jan 2013
		333,334[1]	-	-	$1.04	25 Jan 2014
		2,000,000				
Ian Gibbs	6 May 2010	25,000[2]	-	-	$0.6302	30 Sept 2011
		25,000[2]	-	-	$0.6726	30 Sept 2012
		25,000[1]	-	-	$0.99	4 Jan 2012
		25,000[1]	-	-	$0.99	4 Jan 2013
		100,000				
Joe Tufilli	6 May 2010	25,000[2]	-	-	$0.6302	30 Sept 2011
		25,000[2]	-	-	$0.6726	30 Sept 2012
		25,000[1]	-	-	$0.99	4 Jan 2012
		25,000[1]	-	-	$0.99	4 Jan 2013
		100,000				

1. Subject to continuous service performance hurdle.
2. Subject to performance hurdles, including growth in earnings per share (EPS) and Total Shareholder Returns (TSR).
3. Subsequent to the year end, the Board has determined that a total of 100,000 performance rights will vest on 30 September 2010.

The fair value of the performance rights granted to Executives during the year was based on a Binomial option price calculation method. In determining the dollar value of the rights, the assumptions made are detailed in note 28 of the financial report.

Performance rights granted under the plan carry no dividend or voting rights. When vested, each right is convertible into one ordinary share. To the extent that the performance criteria are not satisfied Performance Rights will lapse.

Employee Options

No Employee Options were granted during the 2010 financial year to Executives. A total of 1,120,000 employee options were forfeited by Executives and 100,000 options expired during the 2010 financial year.

The terms and conditions of employee options over RCR shares, affecting the remuneration of the Executives in office at the end of the reporting period or in future reporting periods, are set out below in Table 10. Further details on the how the Employee Share Option Plan operates are set out in the rules and in the notice of the 2009 Annual General Meeting at which the plan was re-approved by shareholders.

Table 10 – Key Terms Over Employee Options Held by Executives

Name	Grant Date	Employee Options granted	Exercised in 2010	Lapsed/ forfeited in 2010	Exercise price	Fair value per option at grant	Vesting Date	Expiry Date
Current Executives								
Ian Gibbs	24 June 2005	50,000	-	50,000	$0.90	$0.27	1 July 2008	30 June 2010
	2 July 2007	100,000	-	-	$2.20	$0.75	2 July 2010	2 July 2012
	23 Sept 2008	40,000	-	-	$1.20	$0.18	22 Sept 2010	22 Sept 2013
Joe Tufilli	24 June 2005	50,000	-	50,000	$0.90	$0.27	1 July 2008	30 June 2010
	2 July 2007	50,000	-	-	$2.20	$0.75	2 July 2010	2 July 2012
	23 Sept 2008	25,000	-	-	$1.20	$0.18	22 Sept 2010	22 Sept 2013
John Noordhoek	24 June 2005	600,000	600,000	-	$0.90	$0.41	1 July 2008	30 June 2010
Former Executives								
Phil Crighton	7 Dec 2005	50,000	50,000	-	$0.90	$0.41	1 July 2008	30 June 2010
	2 July 2007	150,000	-	150,000	$2.20	$0.75	2 July 2010	2 July 2012
	23 Sept 2008	90,000	-	90,000	$1.20	$0.18	22 Sept 2010	22 Sept 2013
David Hegerty	24 June 2005	400,000	-	400,000	$0.90	$0.27	1 July 2008	30 June 2010
	2 July 2007	150,000	-	150,000	$2.20	$0.75	2 July 2010	2 July 2012
	23 Sept 2008	90,000	-	90,000	$1.20	$0.18	22 Sept 2010	22 Sept 2013
Jeffrey Smith	24 June 2005	400,000	400,000	-	$0.90	$0.27	1 July 2008	30 June 2010
	2 July 2007	150,000	-	150,000	$2.20	$0.75	2 July 2010	2 July 2012
	23 Sept 2008	90,000	-	90,000	$1.20	$0.18	22 Sept 2010	22 Sept 2013

Employee Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

Value Of Options And Performance Rights Awarded, Exercised And Lapsed During 2010

Further details relating to the portion of Executives remuneration related to equity compensation in the 2010 financial year are set out below in Table 11.

Table 11 – Value Of Options And Performance Rights Granted, Exercised And Lapsed During 2010

Name	Fair value of securities granted in prior periods[1] $'000	Fair value of share based securities granted, exercised or lapsed/cancelled in 12 months ended 30 June 2010			Net fair value of securities granted [1] $'000	Share-Based Payments Expense FY2010[2] $'000	Percentage of remuneration consisting of share based equity %
		Granted[1] $'000	Exercised[1] $'000	Lapsed/ cancelled[1] $'000			
Current Executives							
Paul Dalgleish	292	-	-	-	292	129	9.0%
Andrew Walsh	-	1,421	-	-	1,421	246	42.3%
Ian Gibbs	96	66	-	(14)	148	29	7.5%
Joseph Tufilli	56	66	-	(14)	108	17	5.2%
John Noordhoek	246	-	(246)	-	-	-	-
Former Executives							
Phil Crighton	149	-	(20)	(129)	-	-	-
David Hegerty	237	-	-	(237)	-	-	-
Jeff Smith	237	-	(108)	(129)	-	-	-

[1] Based on fair value at time of grant. Refer to Tables 8, 9 and 10.

[2] Based on fair value of securities granted and expensed over the period from date of grant to the date of vesting.

Security holdings of Executives at 30 June 2010

The movement in CEO Option and Employee Option holdings for Executive personnel, during the financial year, are set out below in Table 12.

Table 12 – Movement of Options Granted to Executive

Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Forfeited/ Lapsed	Balance at the end of the year	Vested during the year	Vested and exercisable at the end of the year
Current Executives							
Paul Dalgleish	8,000,000	-	-	-	8,000,000	-	-
Ian Gibbs	190,000	-	-	(50,000)	140,000	-	
Joseph Tufilli	125,000	-	-	(50,000)	75,000	-	-
John Noordhoek	600,000	-	(600,000)	-	-	-	-
Former Executives							
Phil Crighton	290,000	-	(50,000)	(240,000)	-	-	-
David Hegerty	640,000	-	-	(640,000)	-	-	-
Jeffrey Smith	640,000	-	(400,000)	(240,000)	-	-	-

The movement in performance rights holdings for Executive, during the financial year, are set out below in Table 13.

Table 13 – Movement of Performance Rights Granted To Executive

Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Forfeited/ Lapsed	Balance at the end of the year	Vested during the year	Vested and exercisable at the end of the year
Andrew Walsh	-	2,000,000	-	-	2,000,000	-	-
Ian Gibbs	-	100,000	-	-	100,000	-	-
Joseph Tufilli	-	100,000	-	-	100,000	-	-

5.0 CEO & Senior Executives Service Agreements

Remuneration and other terms of employment for the Chief Executive Officer, Chief Financial Officer and the other Senior Executives are also formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below.

Contracts for Executives – Currently Employed in the Group at the Date of this Report

A summary of the key contractual provisions for each of the current executive personnel is set out in Table 14 below.

Table 14 – Key Contractual Provisions for Executives

Name and job title	Employing company	Base pay[(1)]	Contract duration	Notice period company	Notice period employee	Termination provision
Paul Dalgleish, CEO	RCR Tomlinson Ltd	800,000	No fixed term	12 months	6 months	12 months termination payment and accrued leave entitlements.
Andrew Walsh, CFO	RCR Corporate Pty Ltd	550,000	No fixed term	12 months	12 months	12 months termination payment and accrued leave entitlements.
Ian Gibbs, GM Mining Technology	RCR Mining Pty Ltd	330,000	No fixed term	6 months	6 months	6 months termination payment and accrued leave entitlements.
Joe Tufilli, GM Mining OSR	RCR Mining Pty Ltd	330,000	No fixed term	6 months	6 months	6 months termination payment and accrued leave entitlements.
Alan Nightingale, GM Energy [(2)]	RCR Corporate Pty Ltd	336,000	No fixed term	6 months	6 months	6 months termination payment and accrued leave entitlements.
John Noordhoek, GM Resources	RCR Resources Pty Ltd	512,500	No fixed term	1 month	3 months	2 years annual salary and super at time of retirement or termination and accrued leave entitlements.

(1) Base pay includes salary, vehicle and other benefits and superannuation.

(2) Services by Alan Nightingale are provided by KLJ Consulting Pty Ltd.

Payments Applicable to Outgoing Executives

The following arrangements applied to outgoing Executives in office during 2010 financial year:

- Mr Crighton received a retirement payment of $299,750, in accordance with the terms of his employment contract. No STI and LTI awards vested on resignation.
- Mr Smith received a retirement payment of $360,860 in accordance with the terms of his employment contract. No STI and LTI awards vested on resignation.

6.0 Non Executive Directors' Remuneration

Directors' Remuneration Policy and Structure

RCR's Non Executive Director remuneration policy aims to reward the Directors fairly and responsibly having regard to the:

- level of fees paid to Directors relative to other comparative sized Australian companies;
- size and complexity of RCR's operations; and
- responsibilities and work requirements of individual Board members.

Fees paid to the Non Executive Directors of RCR are reviewed annually by the Remuneration and Nomination Committee and based on advice from external remuneration consultants and against Director fees paid to comparable companies. Non Executive Director's remuneration was last reviewed on 1 January 2008.

The Board also sets the aggregate remuneration of Non Executive Directors which is subject to shareholder approval. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors' Fees Limits

Non Executive Directors' fees are determined within an aggregated Directors' fee limit of $500,000, which was approved by shareholders at the 2007 Annual General Meeting.

The Board may seek an increase in the fee limit at the 2010 Annual General Meeting.

Directors' Fees Structure

Non Executive Directors' remuneration consists of a base Directors fee for their role as Board members plus committee fees for their role on nominated Board sub-committees. All amounts are inclusive of superannuation. Details on the structure of Directors fees are set out in Table 15 below.

Table 15 – Annual Board and Committee Fees Payable to Non-Executive Directors

Position	Annual Fees 2010 $
Base Directors Fee	
Chairman of the Board	120,000
Non Executive Director	60,000
Committee Fees	
Chairman of the Audit and Risk Committee	24,000
Member of the Audit and Risk Committee	12,000
Chairman of the Remuneration and Nomination Committee	6,000
Member of the Board Remuneration and Nomination Committee	Nil
Chairman and Member of Takeover Response Committee	Nil

No retirement benefits are paid other than the statutory superannuation contributions of 9% required under Australian superannuation guarantee legislation. Superannuation amounts are deducted from the Directors' overall fee entitlements.

Non Executive Directors Remuneration for the 2010 Financial Year

Details on the nature and amount of remuneration of RCR's Non Executive Directors for the year ended 30 June 2010 are as follows.

Table 16 – Remuneration of Non Executive Directors

		Short-term			Post Employment	
Non Executive Directors	Year	Base Fees $'000	Salary/other $'000	Termination benefit $'000	Super $'000	Total $'000
Roderick Brown	2010	110	-	-	10	120
	2009	110	-	-	10	120
Eva Skira	2010	84	-	-	-	84
	2009	84	-	-	-	84
Kevin Edwards	2010	24	-	-	54	78
	2009	66	-	-	6	72
Jeffrey Hogan	2010	55	-	-	5	60
	2009	30	156	-	3	189
Paul Dippie	2010	60	5	-	-	65
	2009	25	141	293	13	472
Charlie Birmingham	2010	22	-	-	50	72
	2009	66	-	-	6	72
Total	2010	355	5	-	119	479
	2009	387	297	293	38	1,015

Directors Fee payments to Ms Skira and Mr Dippie are paid to the Director's nominated private company.

During previous reporting period (FY2009), Mr Hogan was employed as Director and Executive General Manager until he resigned his executive responsibilities on 1 December 2008 and remains as a Director. Mr Dippie was employed as Director and Executive General Manager until he resigned his executive responsibilities on 1 February 2009 and remains as a Director.

Signed in Accordance with a Resolution of the Directors:

Roderick J M Brown
Chairman
Signed at Perth on the 20th day of August 2010

Corporate Governance

Statement on Corporate Governance at RCR

This statement reports on RCR's key governance framework, principles and practices as at 20 August 2010. These principles and practices are reviewed regularly and revised as appropriate to reflect changes in law and best practice in corporate governance.

ASX Principles of Good Corporate Governance

RCR, as a listed entity, must comply with the *Corporations Act 2001* (Cwth) ("Corporations Act"), the Australian Securities Exchange Limited ("ASX") Listing Rules ("ASX Listing Rules"), and other laws applicable in Australia and in countries where we operate.

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the Corporate Governance Principles and Recommendations ("ASX Principles") released by the ASX Corporate Governance Council. The ASX Principles require the Board to consider carefully the development and adoption of appropriate corporate governance policies and practices founded on the ASX Principles.

Compliance with ASX Principles of Good Corporate Governance

The Company is committed to implementing the highest practical standards of corporate governance. In determining those standards the Company has turned to the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* and the Company's practices are largely consistent with those ASX guidelines.

RCR's corporate governance practices were in place throughout the year ended 30 June 2010 and comply in all material respects with the ASX Principles unless otherwise stated.

Details of the Company's compliance with the ASX Principles are set out below. A checklist, cross referencing the ASX Principles to the relevant section of this statement and the remuneration report, is provided on pages 54 to 55 of this report and published on the company's website at www.rcrtom.com.au

1. The Board of Directors

a) Board Role and Management

ASX CGC Recommendations 1.1

The roles and responsibilities of the Board are formalised in the Board Charter. The Board Charter defines in detail the matters that are reserved for the Board and its committees, and those that the Board has delegated to management. The central role of the Board is to oversee and approve the company's strategic direction, to select and appoint a CEO, to oversee the company's management and business activities and report to shareholders.

The Board Charter is available in the corporate governance section of RCR's website.

b) Responsibilities of the Board

In addition to matters required by law to be approved by the Board, the following powers are reserved to the Board for decision:

- strategy - providing strategic oversight and approving strategic plans and initiatives;
- board performance and composition – evaluating the performance of non-executive directors, and determining the size and composition of the Board as well as recommending to shareholders the appointment and removal of directors;
- leadership selection – evaluating the performance of, and selection of, the CEO and those executives reporting directly to the CEO;
- corporate responsibility – considering the social, safety, ethical and environmental impacts of RCR's activities, and setting policy and monitoring compliance with safety, corporate and social policies and practices;

- financial performance – approving RCR's annual operating plans and budget, monitoring management, financial and operational performance;
- financial reports to shareholders – approving annual and half-year reports and disclosures to the market that contain, or relate to, financial projections, statements as to future financial performance or changes to the policy or strategy of the Company;
- risk management – providing oversight of risk management and setting risk management policy; and
- establishing policies – ensuring that the Board is in a position to exercise its power and to discharge its responsibilities as set out in the Board Charter;

The Board also recognises its responsibilities to RCR's employees, the communities and environments within which RCR operates and, where relevant, other stakeholders.

Responsibility for management of RCR's business activities is delegated to the CEO who is accountable to the Board.

c) Board Composition and Expertise

ASX CGC Recommendations 2.1, 2.2, 2.3 and 2.6

The Board has an expansive range of relevant industry experience, financial and other skills and expertise to meet its objectives.

The current Board composition includes three independent Directors and three non-independent Directors. Details on each of the Director's backgrounds including experience, knowledge and skills and their status as an independent or non-independent director are set out on pages 24 to 25 of the Annual Report.

The Board considers that the non-executive Directors collectively bring the range of skills, knowledge and experience necessary to direct the Company.

In assessing the composition of the Board, the directors have regard to the following policies:

- the Chairman should be an independent, non-executive;
- the role of the Chairman and Chief Executive Officer ("CEO") should not be filled by the same person;
- the CEO should be a full-time employee of the Company; and
- the Board should include a majority of independent non-executive directors.

Where a casual vacancy arises, the Board will seek to appoint a Non Executive Director with requisite skills and experience in the industry.

d) Chairman

ASX CGC Recommendations 2.2 and 2.3

The Board elects one of the independent, non-executive directors to be Chairman. The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the promotion of relations between Board members and between Board and management that are open, cordial and conducive to productive co-operation.

Mr Brown was appointed as Non Executive Chairman on January 2008. Mr Brown is also Chairman of unlisted companies Latin Resources Limited and Immersive Technologies Pty Ltd. The Board considers that neither his role as chairman of Latin Resources nor Immersive, nor any of his other commitments, interfere with the discharge of his duties to the Company. The Board is satisfied that Mr Brown commits the time necessary to discharge his role effectively.

e) Director Independence

ASX CGC Recommendations 2.1 and 2.6

The Board has approved a policy on independence of directors, a copy of which is available in the corporate governance section of RCR's website.

The policy provides that the independence of a director will be assessed by determining whether the director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The test of whether a relationship or business is material is based on the nature of the relationship or business and on the circumstances and activities of the director. Materiality is considered from the perspective of RCR, the persons or organisations with which the director has an affiliation and from the perspective of the director. Materiality thresholds are considered by the Board from time to time. The Board considers that:

- a material customer is a customer of RCR which accounts for more than 5% of RCR's consolidated gross revenue;
- a supplier is material if RCR accounts for more than 5% of the supplier's consolidated gross revenue; and
- a substantial shareholder of RCR is someone who holds greater than 5% of the voting capital of RCR.

Whilst the number of independent Directors is not in the majority, the expertise, experience and size of the whole of the Board is appropriate for the Company.

Non Executive Director Jeffrey Hogan is not regarded as being independent due to his former executive role as a General Manager of the Company's Power business within the last three years; and his shareholding in RCR of 13,112,217 shares, representing approximately 10% of the Company's issued capital.

Non Executive Director Paul (David) Dippie is not regarded as being independent due to his former executive role as a General Manager of the Company's Energy business in New Zealand within the last three years.

Non Executive Director Charlie Birmingham is not regarded as being independent due to his former executive role as a senior business manager of the Company's within the last three years.

f) Directors' Retirement and Re-Election

ASX CGC Recommendations 2.6

The Company's Constitution specifies that all Non Executive Directors must retire from office no later than the third annual general meeting following their last election or at least one third of the Non Executive Directors are required to retire from office at each annual general meeting. Retiring Directors may stand for re-election.

Any director appointed to fill a casual vacancy since the date of the previous annual general meeting must submit themselves to shareholders for election at the next annual general meeting. Directors who retire as required may offer themselves for re-election by shareholders at the next annual general meeting.

Re-appointment of directors retiring by rotation or filling a casual vacancy is not automatic.

g) Board Succession Planning

ASX CGC Recommendations 2.6

The Board in conjunction with the Remuneration and Nomination Committee reviews the size and composition of the Board and the mix of existing and desired competencies across members from time to time.

h) Board Performance Evaluation

ASX CGC Recommendations 2.5, 2.6

The Board undertakes ongoing self-assessment and review of performance of the Board, committees and individual directors at least every two years. The Chairman of the Board is responsible for determining the process for evaluating Board performance. The performance evaluation process includes completion of a formal assessment and questionnaire that has been approved by the Remuneration and Nomination Committee. Responses to the questionnaire and outcomes from the assessment are then tabulated and reported on in a format approved by the Board. A copy of that report is provided to the Chairman and the contents of the report are then discussed by the full Board.

The composition and performance of the Board was last reviewed in April 2009.

i) Nominations and Appointment of New Directors

Recommendations for nomination of new directors are considered by the Remuneration and Nomination Committee and approved by the Board as a whole.

j) Professional Advice

ASX CGC Recommendations 2.6

Directors may, in carrying out their company related duties, seek external professional advice. If external professional advice is sought a director is entitled to reimbursement of all reasonable costs where such a request for advice is approved by the Chairman. In the case of a request made by the Chairman, approval is required by at least two Board members.

k) Conflicts of Interest

Directors are required to disclose any actual or potential conflict or material personal interests on appointment as a director and are required to keep these disclosures up to date.

In the event that there is, or may be, a conflict between the personal or other interests of a director, then the director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter. When the matter comes before the Board for discussion, the director withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision making process.

During the year the Board developed a Code of Conduct for Board Members, which outlines the process for dealing with a conflict of interest. This process includes Directors reporting any potential areas for conflict at the beginning of each Board meeting.

l) Terms of Appointment, Induction Training and Continuing Education

All new directors are provided with a formal letter of appointment setting out the key terms and conditions of the appointment, including duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding their involvement with committee work.

A formal induction is provided to all new directors. It includes comprehensive meetings with the CEO, key executives and management, and information on key corporate and Board policies and visits to the Company's primary operations.

All directors are expected to maintain the skills required to discharge their obligations to the company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Company where appropriate.

m) Directors' Remuneration

Details of remuneration paid to Directors are set out on pages 43 to 44 of the Remuneration Report.

n) Board Meetings

The Chairman sets the agenda for each meeting in conjunction with the CEO and the Company Secretary. Any director may request additional matters be added to the agenda. Members of senior management attend meetings of the Board by invitation and sessions are also held for Non Executive Directors to meet without management present.

Directors are entitled to request additional information where they consider the information is necessary to support informed decision making.

o) Company Secretary

The Company Secretary is Mr Darryl Edwards, who is a qualified company secretary and fellow member of Chartered Secretaries Australia (FCIS). Mr Edwards joined RCR in November 2009 and has responsibilities for the secretarial function include providing advice to directors and executives on corporate governance and regulatory matters, recording minutes of directors meetings, developing RCR's corporate governance framework and giving effect to the Board's decisions. All directors have access to advice from the Company Secretary.

2. Board Committees

a) Board Committees and Membership

ASX CGC Recommendations 2.4, 2.6, 4.1, 4.2, 4.3, 4.4, 8.1, 8.3

The Board currently has three standing committees to assist in the discharge of its responsibilities. These are the:

- Audit and Risk Committee;
- Remuneration and Nomination Committee; and
- Takeover Defence Committee

On 30 June 2010, the Remuneration Committee and Nomination Committee merged into one committee.

Oversight of health, safety and environment is included as a standing agenda item at each Board meeting.

The charters of all Board committees detailing the roles and duties of each are available in the corporate governance section of RCR's website. All Board committee charters are reviewed at least annually and were last reviewed in June 2010.

At the date of this report the membership of each Board committee is as follows:

Audit and Risk Committee	Remuneration and Nomination Committee	Takeover Response Committee
Eva Skira (Chair)	Kevin Edwards (Chair)	Roderick Brown (Chair)
Kevin Edwards	Roderick Brown	Kevin Edwards
Charlie Birmingham	-	-

Committee members are chosen for the skills, experience and other qualities they bring to the committees. The executive management attends, by invitation, board committee meetings.

All papers considered by the standing committees are available on request to directors who are not on that committee.

Following each committee meeting, generally at the next Board meeting, the Board is given a verbal update by the Chair of each committee. In addition, minutes of all committee meetings are provided to all directors.

The Company Secretary provides secretariat services for each committee.

Other committees are convened as required to address major transactions or other matters calling for special attention.

b) Audit and Risk Committee

ASX CGC Recommendations 4.1, 4.2, 4.3, 4.4, 7.1

The role of the Audit and Risk Committee is to assist the Board to meet its oversight responsibilities in relation to the company's financial reporting, external audit function, internal control structure, financial risk management procedures and the Company's Corporate Governance System. In doing so, it is the Committee's responsibility to maintain free and open communication between the Committee and the external auditors and the management of RCR.

The Audit and Risk Committee is required to have a minimum of three members and be composed of all Non Executive Directors, a majority of which must be independent. The Chair of the Audit and Risk Committee must not be the Chair of the Board and must be an independent director.

The external auditors, the CEO, and the Chief Financial Officer attend Committee meetings by invitation. The Committee meets at least four times per year.

c) Remuneration and Nomination Committee

ASX CGC Recommendations 2.4, 2.6, 8.1, 8.3

The role of the Remuneration and Nomination Committee is to assist the Board by reviewing and approving RCR's remuneration policies and practices and the appointment of Non Executive Directors to the Board. The Committee's responsibilities include:

- assessing the necessary and desirable competencies of Board members;
- reviewing Board succession plans;
- reviewing the company's remuneration framework, which is used to attract, retain and motivate directors and employees to achieve operational excellence and create value for shareholders;
- reviewing the remuneration packages and incentive schemes for the CEO and senior executives, to establish rewards, which are fair and responsible, having regard to the company's strategic goals, individual performance and general remuneration conditions; and
- reviewing the performance and succession planning for the CEO and senior executives.

The CEO attends Committee meetings by invitation. The Committee meets at least two times per year.

For further information in relation to the remuneration of Directors and Executives, refer to the Remuneration Report.

d) Takeover Response Committee

The role of the Takeover Response Committee is to assist the Board to manage and prepare for any unsolicited takeover response. The Committee meets as required.

3. External Auditor relationship and independence

ASX CGC Recommendations 4.4

a) Approach to Audit and Governance

The Board is committed to the basic principles that:

- RCR's financial reports represent a true and fair view;
- RCR's accounting practices are comprehensive, relevant and comply with applicable accounting standards and policies; and
- the external auditor is independent and serves shareholder's interests.

b) External Auditor Relationship

RCR's independent external auditor is RSM Bird Cameron Partners. RSM Bird Cameron Partners was appointed by shareholders at the 1996 annual general meeting in accordance with the Corporations Act.

The Board has adopted an External Auditor Policy which requires rotation of the audit partner at least every five years, prohibits the reinvolvement of a previous audit partner in the audit service for two years following their rotation, and provides that a former partner of the audit firm, or member of the audit team, may only be recruited into a position as a director or senior employee of RCR after the expiry of at least two years.

Furthermore, in accordance with the External Auditor Policy, the Audit and Risk Committee oversees detailed External Auditor Guidelines covering the terms of engagement of RCR's external auditor. The guidelines include provisions directed to maintaining the independence of the external auditor and in assessing whether the provision of any non-audit services by the external auditor that may be proposed is appropriate. Such provisions are referenced to the Code of Ethics published by the International Federation of Accountants ("IFAC").

The External Auditor Guidelines contain a set of controls which address threats to the independence of the external auditor including, in particular, any threat which may arise by reason of self interest, self-review, advocacy, familiarity or intimidation (all terms defined by the IFAC's Code of Ethics). The External Auditor Guidelines classify a range of non-audit services which are considered not acceptable for provision by the external auditor.

c) Attendance of Auditor at the Annual General Meeting

RCR's external auditor attends the annual general meeting and is available to answer questions from shareholders on:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by RCR in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

4. Risk Management and Internal Control

a) Approach to Risk Management

ASX CGC Recommendations 7.1, 7.2, 7.4

The Board and senior executives are responsible for overseeing the implementation of the company's Risk Management Policy.

The Company's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and integrated management systems.

b) Risk Management Roles and Responsibilities

ASX CGC Recommendations 7.1, 7.2, 7.4

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with those risks and opportunities.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include:

- Board receives regular updates on key risks associated with the development of the major Project and tenders;
- implementation of Board approved annual operating budgets and plans, then monitoring the actual progress against those;
- Audit and Risk Committee receiving reports on material business risks; and
- ensuring the executive management team is responsible for developing policies, processes and procedures to identify risks and mitigation strategies in RCR's activities.

The Board has adopted a Risk Management Policy and will undertake a review of that policy on a periodic basis.

c) CEO and CFO Assurance on Corporate Reporting

ASX CGC Recommendations 7.3, 7.4

The Board receives monthly reports about the financial condition and operational results of RCR and its controlled entities.

The CEO and Chief Financial Officer provide, at the end of each six monthly period, a formal statement to the Board confirming that the company's financial reports present a true and fair view, in all material respects, and the group's financial condition and operational results have been prepared in accordance with the relevant accounting standards.

The statement also confirms the integrity of the company's financial statements and notes to the financial statements, is founded on a sound system of risk management and internal compliance and control which implements the policies approved by the Board, and that RCR's risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively in all material respects.

5. Promoting Ethical and Responsible Behaviour

a) Health, Safety and the Environment

ASX CGC Recommendations 3.1, 3.3

The Board has approved a Health and Safety Policy consistent with RCR's commitment to standards of occupational health and safety management at its operations in Australia and New Zealand. The health, safety and wellbeing of RCR's people, contractors, suppliers, visitors and local communities are a key value for the Company.

RCR's safety management system includes standards to guide all aspects of safety management at RCR's operations.

RCR's HSE systems are regularly under independent review with the objective to ensure continuing compliance and improve health, safety and environment practices.

RCR's philosophy is that all personnel share the responsibility for a safe workplace. RCR's safety performance is closely monitored by the Board and is a subject of a standing item at all regular Board meetings.

b) Codes of Conduct

ASX CGC Recommendations 3.1, 3.3

The Board has approved a Code of Conduct for Directors and a Code of Conduct for Employees which describes the standards of ethical behaviour that directors and employees are required to maintain.

Compliance with the Code of Conduct by Directors and employees will also assist RCR in effectively managing its operating risks and meeting its legal and compliance obligations, as well as enhancing RCR's corporate reputation.

The Code of Conduct describes RCR's requirements on matters such as confidentiality, conflicts of interest, sound employment practices, compliance with laws and regulations, the protection and proper use of RCR's assets and the responsibilities and accountabilities of individuals for reporting and investigating reports of unethical practices.

A copy of each Code of Conduct is available in the corporate governance section of RCR's website.

c) Concern Reporting and Whistle-blowing

ASX CGC Recommendations 3.1, 3.3

The Board has yet to develop a Whistleblower Policy. Management is charged with the responsibility of ensuring all employees are committed to maintaining an open working environment in which employees are able to report instances of unsafe work practices, unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.

d) Share Trading Policy

ASX CGC Recommendations 3.2, 3.3

RCR's Share Trading Policy is binding on all directors and employees. This policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for, or are associated with, RCR and is intended to assist in maintaining market confidence in the integrity of dealings in the company's securities.

The policy stipulates that the only appropriate time for a director or employee to deal in the company's securities is when he or she is not in possession of 'price sensitive information' that is not generally available to the share market. A director wishing to deal in the company's securities may only do so after first having advised the Chairman of his or her intention. A senior executive wishing to deal must first notify the CEO. Confirmation of any dealing must also be given by the director or senior executive within two business days after the dealing.

Directors and employee' dealings in the company's securities are also subject to specified closed periods, which are set out in the company's Share Trading Policy or as otherwise determined by the Board from time to time. The specified closed periods include the reporting period till:

- The release by the Company of its half-yearly results to the ASX
- The release by the Company of its annual results to the ASX

In addition, consistent with the law, designated officers are prohibited from trading in the Company's securities while in the possession of unpublished price sensitive information concerning the Company. Unpublished price sensitive information is information regarding the Company, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Directors and employees are prohibited from entering into any margin loans or hedging arrangements over shares in RCR.

A copy of the company's Share Trading Policy is available in the corporate governance section of RCR's website.

6. Shareholders and Corporate Responsibility

RCR aims to produce positive outcomes for all stakeholders in managing its business and to maximise financial, social and environmental value from our activities.

In practice this means having a commitment to transparency, fair dealing, responsible treatment of employees and customers and positive links into the community.

Sustainable and responsible business practices within RCR are viewed as an important long term driver of performance and shareholder value. Through such practices RCR seeks to reduce operational and reputation risk and enhance operational efficiency while contributing to a more sustainable society.

RCR accepts that the responsibilities on the Board and management, which flow from this approach, go beyond strict legal and financial obligations. In particular, the RCR Board seek to take a practical and broad view of directors' fiduciary duties, in line with stakeholders' expectations.

a) Continuous Disclosure

ASX CGC Recommendations 5.1, 5.2

RCR is committed to maintaining a level of disclosure that meets the highest standards and provides all investors with timely and equal access to information.

RCR Continuous Disclosure Policy reinforces RCR's commitment to ASX continuous disclosure requirements and outline management's accountabilities and the processes to be followed for ensuring compliance. The policy also describes RCR's guiding principles for market communications.

A copy of the Continuous Disclosure Policy is available in the corporate governance section of RCR's website.

b) Shareholder Communications and Participation

ASX CGC Recommendations 6.1, 6.2

RCR is committed to giving all shareholders comprehensive, timely and equal access to information about its activities so that they can make informed decisions. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of shares in RCR.

A wide range of communication approaches are employed including direct communications with shareholders and presentations to shareholders at the company's Annual General Meeting. Publication of all relevant company information, including the company's Annual Report is in the Investor Information section of RCR' s website at www.rcrtom.com.au. Shareholders are also given the opportunity to receive information in print or electronic format.

RCR' s Shareholder Communication Policy provides that the company will communicate effectively with its shareholders, give shareholders ready access to balanced and understandable information about RCR and encourages shareholder participation at General Meetings and Annual General Meetings. The way it does this includes:

- ensuring that financial reports are prepared in accordance with applicable laws;
- ensuring the disclosure of full and timely information about RCR' s activities in accordance with the general and continuous disclosure principles of the ASX Listing Rules and the *Corporations Act 2001*;
- the Chairman and CEO reporting to shareholders at the company's annual general meeting;
- placing all market announcements (including quarterly reports and financial reports) on RCR' s website as soon as practicable following release; and
- ensuring that reports, notices of meeting and other shareholder communications are prepared in a clear and concise manner.

A copy of the Shareholder Communication Policy is available in the corporate governance section of RCR's website.

7. Remuneration Framework

a) Board Remuneration and Nomination Committee

The Board Remuneration and Nomination Committee assists the Board to fulfil its responsibilities to shareholders by ensuring the Group has remuneration policies that fairly and competitively reward executives. The Committee's decisions on reward structures are based on the current competitive environment, remuneration packages for executives and employees in the engineering industry and the size and complexity of the Group.

The Committee's responsibilities include reviewing the company's remuneration framework and evaluating the performance of the CEO and monitoring performance of the executive team.

Independent remuneration consultants are engaged, from time to time, by the Committee to ensure the Company's remuneration system and reward practices are consistent with market practices.

Details of RCR's remuneration framework is included in the Remuneration Report.

ASX Corporate Governance Compliance Statement

Principle	ASX corporate governance council's best practice recommendations	Reference	Compliance
1	Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	1a	Comply
1.2	Companies should disclose the process for evaluating the performance of senior executives	Remuneration Report	Comply
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	1a, Remuneration Report	Comply
2	Structure the Board to add value		
2.1	A majority of the Board should be independent directors.	1c, 1e	Non-compliant
2.2	The chair should be an independent director.	1c	Comply
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	1c	Comply
2.4	The Board should establish a nomination committee.	1i, 2c	Comply
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	1h, 2a	Comply
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	1e, 1h 1j, 2a, 2c, Directors' Report	Comply
3	Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: the practices necessary to maintain confidence in the company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	5a,5b, 5c	Comply
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	1j, 5d	Comply
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	5a, 5b, 5c, 5d	Comply
4	Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee.	2b	Comply
4.2	The audit committee should be structured so that it: consists only non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the Board; and has at least three members.	 2a, 2b 2a, 2b 2a, 2b 2a, 2b	Comply
4.3	The audit committee should have a formal charter.	2a	Comply
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	2a, 3b Directors' Report	Comply

Principle	ASX corporate governance council's best practice recommendations	Reference	Compliance
5	Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance and ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	6, 6a	Comply
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	6a	Comply
6	Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	6, 6b	Comply
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	6, 6b	Comply
7	Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	2b, 4a, 4b	Comply
7.2	The board should require management to design and implement the risk management and internal control systems to manage the company's material business risks and disclose a summary of those policies	4a	Comply
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	4c	Comply
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	4a,4c, Directors' Report	Comply
8	Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee	2a, 2b, Remuneration Report	Comply
8.2	Companies should clearly distinguish the structure of nonexecutive directors' remuneration from that of executive directors and senior executives.	Remuneration Report	Comply
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	2a, Directors' Report, Remuneration Report	Comply

All References are to the Company's Corporate Governance Statement, Director's Report and Remuneration Report, which are set out in the Company's 2010 Annual Report.

Auditors' Independence Declaration

RSM Bird Cameron Partners
Chartered Accountants

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www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of RCR Tomlinson Ltd for the 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.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall

Perth, WA
Dated: 20 August 2010

D J WALL
Partner

FINANCIAL STATEMENTS 2010

Contents

Consolidated Statement of Comprehensive Income

for the financial year ended 30 June 2010

	Note	2010 $000	2009 $000
Sales Revenue	2	545,605	589,415
Cost of Sales	3	(509,599)	(545,568)
Gross Profit		36,006	43,847
Other Income	2	3,442	277
Administrative Expenses		(24,299)	(25,550)
Finance Costs	3	(3,938)	(5,535)
Other Expenses		(617)	(837)
Profit Before Income Tax		10,594	12,202
Income Tax Benefit	4	6,863	1,748
Profit for the Year After Tax		17,457	13,950
Other Comprehensive Income Exchange difference on translation of foreign operations		191	289
Income tax relating to components of other comprehensive income		-	-
Other Comprehensive Income for the Year		191	289
Total Comprehensive Income for the Year		17,648	14,239
Earnings per Share:			
Basic Earnings per Share (cents per share)	8	13.30	11.10
Diluted Earnings per Share (cents per share)	8	13.30	11.10

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2010

	Note	2010 $000	2009 $000
CURRENT ASSETS			
Cash and Cash Equivalents	9	30,004	10,212
Trade and Other Receivables	10	112,740	102,425
Inventories / Work in Progress	11	30,641	36,533
Other Current Assets	16	2,365	4,288
Non–Current Assets Classified as Held For Sale	17	7,545	-
TOTAL CURRENT ASSETS		183,295	153,458
NON-CURRENT ASSETS			
Investments Accounted Using the Equity Method	12(a)	1,456	26
Financial Assets	12(b)	15	15
Property, Plant and Equipment	14	85,721	105,951
Deferred Tax Assets	20(b)	11,028	6,254
Intangible Assets	15	74,281	77,696
TOTAL NON-CURRENT ASSETS		172,501	189,942
TOTAL ASSETS		355,796	343,400
CURRENT LIABILITIES			
Trade and Other Payables	18	74,708	74,590
Short-term Borrowings	19	2,698	5,391
Current Tax Liabilities	20	-	-
Short-term Provisions	21	14,106	14,233
TOTAL CURRENT LIABILITIES		91,512	94,214
NON-CURRENT LIABILITIES			
Long-term Borrowings	19	50,415	53,443
Deferred Tax Liabilities	20(a)	7,787	7,094
Other Long-term Provisions	21	1,473	2,989
TOTAL NON-CURRENT LIABILITIES		59,675	63,526
TOTAL LIABILITIES		151,187	157,740
NET ASSETS		204,609	185,660
EQUITY			
Issued Capital	22	120,016	115,442
Reserves	23	13,128	12,937
Retained Earnings		71,465	57,281
TOTAL EQUITY		204,609	185,660

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 30 June 2010

	Note	Issued Capital $000	Retained Earnings $000	Asset Revaluation Reserve $000	Foreign Currency Translation Reserve $000	Total $000
BALANCE AT 1 JULY 2008		114,205	49,617	13,968	(1,320)	176,470
Profit for the year		-	13,950	-	-	13,950
Translation of foreign controlled entities		-	-	-	289	289
Total comprehensive income for the year		-	13,950	-	289	14,239
Shares issued (net)		762	-	-	-	762
Share based payments		475	-	-	-	475
Dividends paid or provided for	7	-	(6,286)	-	-	(6,286)
BALANCE AT 30 JUNE 2009		115,442	57,281	13,968	(1,031)	185,660
BALANCE AT 1 JULY 2009		115,442	57,281	13,968	(1,031)	185,660
Profit for the year		-	17,457	-	-	17,457
Translation of foreign controlled entities		-	-	-	191	191
Total comprehensive income for the year		-	17,457	-	191	17,648
Shares issued (net)		4,451	-	-	-	4,451
Share based payments		123				123
Dividends paid or provided for	7	-	(3,273)	-	-	(3,273)
BALANCE AT 30 JUNE 2010		120,016	71,465	13,968	(840)	204,609

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 30 June 2010

	Note	2010 $000	2009 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		534,160	609,962
Interest received		113	142
Other income		719	779
Payments to suppliers and employees		(510,651)	(571,713)
Finance costs		(4,012)	(4,146)
Income tax refund/(paid)		3,834	(4,207)
Net cash movement in operating activities	27(a)	24,163	30,817
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		11,941	487
Purchase of property, plant and equipment		(8,489)	(13,896)
Payment for subsidiary and other businesses, net of cash acquired		-	(3,958)
Net cash movement in investing activities		3,452	(17,367)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		963	-
Proceeds from borrowings		4,258	3,036
Repayment of borrowings		(10,721)	(6,421)
Dividends paid		(2,323)	(6,286)
Net cash movement in financing activities		(7,823)	(9,671)
Net increase in cash held		19,792	3,779
Cash at beginning of financial year		10,212	6,433
Cash at end of financial year	9	30,004	10,212

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

30 June 2010

Note 1: Statement of Significant Accounting Policies

The financial report covers the consolidated entity of RCR Tomlinson Ltd and Controlled Entities. RCR Tomlinson Ltd is a listed public company incorporated and domiciled in Australia.

The financial report was authorised for issue on 20 August 2010 by the Board of Directors.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Adoption of New and Revised Accounting Standards

The consolidated entity has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current financial year. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from those previously made available.

(i) Presentation of Financial Statements

The consolidated entity has applied the revised AASB 101 Presentation of Financial Statements (2007) from 1 January 2009. The revision of this standard now requires the consolidated entity to present all non-owner changes to equity ('comprehensive income') in the statement of comprehensive income. The consolidated entity has presented the income statement and non-owner changes in equity in one statement of comprehensive income. All owner changes in equity are presented separately in the statement of changes in equity.

The presentation requirements have been applied for the entire reporting period and comparative information has been re-presented to also comply with the revised AASB 101.

(ii) Segment Reporting

The consolidated entity has applied AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires the entity to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the consolidated entity to allocate resources and assess performance. In the case of the consolidated entity the chief operating decision maker is the Board of Directors. Operating segments now represent the basis on which the company reports its segment information to the Board on a monthly basis. The change in policy has not resulted in a change to the disclosure presented.

(iii) Business Combinations

Revised AASB 3 *Business Combinations* and AASB 127 *Consolidated and Separate Financial Statements* apply prospectively from 1 July 2009. Changes introduced by these standards which are expected to affect the company, include the following:

- Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation;
- Any non-controlling interest (previously known as minority interest) in an acquiree is measured at either fair value or as the non-controlling interest's proportionate share of net identifiable assets of the acquiree;
- The acquirer is prohibited from recognising contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability;

Note 1: Statement of Significant Accounting Policies (continued)

- Consideration for the acquisition, including contingent consideration, must be measured at fair value at acquisition date. Subsequent changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments but are rather recognised in accordance with other Australian Accounting Standards as appropriate;
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interest were allocated to the parent entity; and
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date control is lost.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity RCR Tomlinson Ltd has the power to control the financial and operating policies so as to obtain benefits from its activities. A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(b) Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those or other business segments.

A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production process,
- Type of class of customers for the products and services,
- Nature of the regulatory environment.

(c) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Note 1: Statement of Significant Accounting Policies (continued)

(c) Income Tax (continued)

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

RCR Tomlinson Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax balances resulting from unused tax losses and tax credits which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered into a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(e) Construction Contracts and Work in Progress

Construction work in progress is valued at cost, plus profit recognised to date. Where it is probable that a loss will arise from a construction contract, the excess of total expected contract costs over total expected contract revenue is recognised as an expense immediately. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

(f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Revaluation

Increases in the carrying amount arising on revaluation of land and buildings recognised as one class of asset are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Note 1: Statement of Significant Accounting Policies (continued)

(f) Property, Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Leasehold improvements	2.5%
Plant and equipment	5-40%
Leased plant and equipment	5-40%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and a reduction of the liability.

(h) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial Assets at Fair Value Through Profit and Loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Note 1: Statement of Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

Held-to-Maturity Investments

These investments have fixed maturities, and it is the consolidated entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the consolidated entity's are stated at amortised cost using the effective interest rate method.

Available-for-Sale Financial Assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

At the inception of the transaction the relationship between hedging instruments and the hedged item as well as its risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Note 1: Statement of Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment

At each reporting date, the consolidated entity assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(i) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Investment in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

(k) Intangibles

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Patents and Trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 2 to 20 years.

Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Technology

Technology is recognised at cost of acquisition. Technology has a finite life and is carried at cost less any accumulated amortisation and any impairment losses. Technology is amortised over its useful life ranging from 4 to 10 years.

Note 1: Statement of Significant Accounting Policies (continued)

(l) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the entities in the consolidated entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of comprehensive income.

Foreign Operations

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(m) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(n) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(o) Provision for Warranties

Provision is made in respect of the consolidated entity's estimated liability on all products and services under warranty at balance date. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to the consolidated entity's history of warranty claims.

(p) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Note 1: Statement of Significant Accounting Policies (continued)

(q) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue and expenses on construction contracts are recognised on an individual contract basis using the percentage of completion method when the stage of completion can be reliably determined, costs can be clearly identified and the total contract revenue and costs to complete can be reliably estimated. Profit recognition for lump sum fixed price contracts does not commence until costs to complete can be reliably estimated which is generally when the contract is above 35% actually complete. Where the outcome of a contract cannot be reliably estimated, contract costs are expensed as incurred. Where it is probable that costs will be recovered, revenue is recognised to the extent of costs incurred. An expected loss is recognised immediately as an expense.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(r) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur.

(s) Trade Receivables

Trade receivables are recognised initially at fair value and reduced through the use of a provision for doubtful debts with the amount of the loss recognised in the statement of comprehensive income.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off against the provision account. A provision for doubtful receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income.

(t) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated entity, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

Note 1: Statement of Significant Accounting Policies (continued)

(t) Business Combinations (continued)

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(u) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(v) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(w) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(x) Earnings Per Share

(i) Basic Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(y) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Note 1: Statement of Significant Accounting Policies (continued)

(z) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(aa) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and Director's report have been rounded off to the nearest $1,000.

(bb) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Key Estimates and Judgements

Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Construction Contracts

When accounting for construction contracts, the contracts are either combined or segregated if this is deemed necessary to reflect the substance of the agreement. Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of fees earned during the financial year.

Provision for Loss on Long-Term Contracts

Where it is probable that a loss will arise on a long-term contract, the excess of total expected contract costs over total contract revenue is recognised as an expense immediately.

For the year ended 30 June 2010, the company has estimated the expected loss from onerous contracts. This estimation has been based upon management's judgement which has been based upon the most up-to-date available information at the date of this financial report.

Taxation

The company's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustments, resulting in corresponding credit or charge to the statement of comprehensive income.

Long Service Leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows

Note 1: Statement of Significant Accounting Policies (continued)

(cc) Non-Current Assets Classified as Held For Sale

Non-current assets are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. They are not depreciated or amortised. For an asset to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

(dd) Interest in a Jointly Controlled Operation

The consolidated entity has an interest in a joint venture that is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity.

(ee) Share-Based Payment Transactions

The company provides benefits to employees (including senior executives) of the consolidated entity in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions). The company does not provide cash settled share based payments.

The cost of equity settled transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to the market price of the company's shares on the Australian Stock Exchange.

The cost of equity settled transactions are recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired, and the company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised for the period.

No cumulative expense is recognised for awards that ultimately do not vest (in respect of non-market vesting conditions).

Note 2: Revenue

	Note	Consolidated Entity 2010 $000	Consolidated Entity 2009 $000
Operating Activities			
- Sale of Goods		545,605	589,415
Non-operating Activities			
- Dividends Received	2(a)	1	2
- Interest Received	2(b)	113	142
- Rental Revenue		9	8
- Gain on Disposal of Property, Plant and Equipment		3,277	84
- Other		42	41
		3,442	277
(a) Dividend Revenue From:			
- Other Corporations		1	2
Total dividend revenue		1	2
(b) Interest revenue from:			
- External		113	142
Total interest revenue		113	142

Note 3: Profit For The Year

	Note	Consolidated Entity 2010 $000	Consolidated Entity 2009 $000
(a) Expenses			
Cost of Sales		509,599	545,568
Finance Costs:			
- External		3,938	5,535
Foreign Currency Losses		464	182
Bad and Doubtful Debts:			
- Trade Receivables		818	1,164
Rental Expense on Operating Leases			
- Minimum Lease Payments		10,991	10,378
Depreciation and Amortisation:			
- Depreciation/Amortisation on Fixed Assets		13,285	13,370
- Amortisation of Intangibles		3,405	3,675
Employee Benefits Expense		214,131	218,450
(b) Significant Revenue and Expenses			
The following significant revenue and expense items are relevant in explaining the financial performance:			
Loss Incurred on Onerous Construction Contracts		-	1,235

Note 4: Income Tax Expense

	Note	2010 $000	2009 $000
(a) The Components of Tax Expense Comprise:			
– Current Tax		(2,782)	78
– Deferred Tax	20(c)	(396)	(1,579)
– Over Provision in Respect of Prior Years	20(c)	(3,685)	(247)
		(6,863)	(1,748)
(b) The Prima Facie Tax on Profit Before Income Tax			
is reconciled to the Income Tax as follows			
Prima Facie Tax Payable on Profit Before Income Tax at 30% (2009: 30%):		3,178	3,661
		3,178	3,661
Add:			
Tax effect of:			
– Non-deductible depreciation and amortisation		118	1,033
– other non-allowable items		1,053	832
Less:			
Tax effect of:			
– research and development expenses		(2,660)	(6,876)
– other capital allowance		(107)	(151)
– amendment to prior year's tax due to tax consolidation rule changes		(4,760)	-
– over provision of prior year tax		(3,685)	(247)
Income tax (benefit)/expense attributable to entity		(6,863)	(1,748)
The applicable weighted average effective tax rates are as follows:		-	-

Note 5: Key Management Personnel Compensation

(a) Key Management Personnel

Names and positions held of key management personnel in office at any time during the financial year are:

Person	Position	Period
Non Executive Directors		
Roderick Brown	Non Executive Chairman	Full financial period
Eva Skira	Non Executive Director	Full financial period
Kevin Edwards	Non Executive Director	Full financial period
Jeffrey Hogan	Non Executive Director	Full financial period
Paul Dippie	Non Executive Director	Full financial period
Charlie Birmingham	Non Executive Director	Full financial period
Executives		
Paul Dalgleish	Chief Executive Officer	Full financial period
Andrew Walsh	Chief Financial Officer	25 January 2010 to 30 June 2010
Ian Gibbs	General Manager – Mining Technologies	4 January 2010 to 30 June 2010
Joseph Tufilli	General Manager – Mining OSR	4 January 2010 to 30 June 2010
Alan Nightingale	General Manager – Energy	4 January 2010 to 30 June 2010
John Noordhoek	General Manager – Resources (from January 2010) and former Director and CEO until May 2009	Full financial period
Former Executives		
Phillip Crighton	Chief Financial Officer and Company Secretary	1 July 2009 to 20 October 2009
David Hegerty	General Manager – Resources	1 July 2009 to 16 February 2010
David Russell	General Manager – Power	1 July 2009 to 16 December 2009
Jeffrey Smith	General Manager – Mining and Engineering	1 July 2009 to 6 December 2009

(b) Remuneration Table

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2010.

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	Consolidated Entity	
	2010 $000	2009 $000
Short-term employee benefits	4,530	2,602
Post-employment benefits	977	187
Other long-term benefits	36	-
Termination benefits	-	293
Share-based payments	421	119
Total Remuneration	5,964	3,201

(c) Shares Issued on Exercise of Compensation Options

During the year there were 1,050,000 options exercised and 1,220,000 options forfeited.

Note 5: Key Management Personnel Compensation (continued)

(d) Options Held by Key Management Personnel

2010	Balance 1 July 09	Granted as Compensation	Options Exercised	Net Change Other*	Balance 30 June 10	Total Vested	Total Exercisable	Total Un-Exerciable
Current Executives								
Paul Dalgleish	8,000,000	-	-	-	8,000,000	-	-	8,000,000
Ian Gibbs	190,000	-	-	(50,000)	140,000	-	-	140,000
Joseph Tufilli	125,000	-	-	(50,000)	75,000	-	-	75,000
John Noordhoek	600,000	-	(600,000)	-	-	-	-	-
Former Executives								
Phillip Crighton	290,000	-	(50,000)	(240,000)	-	-	-	-
David Hegerty	640,000	-	-	(640,000)	-	-	-	-
Jeffrey Smith	640,000	-	(400,000)	(240,000)	-	-	-	-
	10,485,000	-	(1,050,000)	(1,220,000)	8,215,000	-	-	8,215,000

* The net change other column above includes those options that have been forfeited by holders as well as options issued during the year.

2009	Balance 1 July 08	Granted as Compensation	Options Exercised	Net Change Other*	Balance 30 June 09	Total Vested	Total Exercisable	Total Un-Exercisable
Current Directors & Executives								
Roderick Brown	100,000	-	-	(100,000)	-	-	-	-
Kevin Edwards	100,000	-	-	(100,000)	-	-	-	-
Paul Dalgleish		8,000,000			8,000,000	-	-	8,000,000
John Noordhoek	600,000	-	-	-	600,000	600,000	600,000	-
Former Executives								
Phillip Crighton	200,000	90,000	-	-	290,000	50,000	50,000	240,000
Jeffrey Smith	550,000	90,000	-	-	640,000	400,000	400,000	240,000
David Hegerty	550,000	90,000	-	-	640,000	400,000	400,000	240,000
Warren Arthur	550,000	-	-	(550,000)	-	-	-	-
	2,650,000	8,270,000	-	(750,000)	10,170,000	1,450,000	1,450,000	8,720,000

* The net change other column above includes those options that have been forfeited by holders as well as options issued during the year.

Note 5: Key Management Personnel Compensation (continued)

(e) Shareholdings by Key Management Personnel

2010	Balance 1 July 09	Received as Compensation	Options Exercised	Net Change Other*	Balance 30 June 10
Current Directors & Executives					
Roderick Brown	36,500	-	-	100,000	136,500
Kevin Edwards	50,000	-	-	-	50,000
Jeffrey Hogan	13,110,000	-	-	2,217	13,112,217
Paul Dippie	2,625,736	-	-	(225,736)	2,400,000
Charles Birmingham	663,934	-	-	(155,934)	508,000
Andrew Walsh	-	-	-	62,500	62,500
Ian Gibbs	-	-	-	32,114	32,114
Joseph Tufilli	-	-	-	20,000	20,000
Alan Nightingale	-	-	-	10,000	10,000
John Noordhoek	1,541,072	-	600,000	(2,141,072)	-
Former Executives					
Phillip Crighton	33,800	-	50,000	(83,800)	-
David Hegerty	220,000	-	-	(220,000)	-
Jeffrey Smith	20,150	-	400,000	(420,150)	-
	18,301,192	-	1,050,000	(3,019,861)	16,331,331

* The net change other column above refers to shares received, purchased or sold during the financial year.

2009	Balance 1 July 08	Received as Compensation	Options Exercised	Net Change Other*	Balance 30 June 09
Current Directors & Executives					
Roderick Brown	36,500	-	-	-	36,500
Charles Birmingham	663,934	-	-	-	663,934
Paul Dippie	2,625,736	-	-	-	2,625,736
Kevin Edwards	50,000	-	-	-	50,000
Jeffrey Hogan	12,000,000	-	-	1,110,000	13,110,000
John Noordhoek	1,541,072	-	-	-	1,541,072
Former Executives					
Phillip Crighton	33,800	-	-	-	33,800
Jeffrey Smith	150	-	-	20,000	20,150
David Hegerty	220,000	-	-	-	220,000
	17,171,192	-	-	1,130,000	18,301,192

* Net change other refers to shares received, purchased or sold during the financial year.

Note 5: Key Management Personnel Compensation (continued)

(f) Performance Rights Held by Key Management Personnel

2010	Balance at 1 July 2009	Received as compensation	Exercised	Forfeited/ Lapsed	Balance at 30 June 2010	Vested	Vested and exercisable at the end of the year
Andrew Walsh	-	2,000,000	-	-	2,000,000	-	-
Ian Gibbs	-	100,000	-	-	100,000		
Joseph Tufilli	-	100,000	-	-	100,000		
	-	2,200,000	-	-	2,200,000	-	-

There were no performance rights granted to Key Management Personnel in the previous financial year.

Note 6: Auditors' Remuneration

	Consolidated Entity 2010 $	Consolidated Entity 2009 $
Remuneration of the auditor of the parent entity for:		
Auditing or reviewing the financial report	283,000	240,000
Other assurance services	55,500	10,500
Taxation services	65,500	49,000
	404,000	299,500
Remuneration of other auditors of subsidiaries for:		
Auditing or reviewing the financial report	58,800	55,500

Note 7: Dividends

	Consolidated Entity 2010 $000	Consolidated Entity 2009 $000
Distributions Paid		
Final fully franked ordinary dividend of 2.5 cents per share (2009: 5.0 cents per share) franked at the tax rate of 30% (2009:30%)	3,273	6,286
Balance of franking account at year end adjusted for franking credits arising from:		
Payment of provision for income tax	11,176	15,472

Note 8: Earnings Per Share

(a) Reconciliation of earnings to profit or loss

	2010	2009
Profit	17,457	13,950
Earnings used to calculate basic EPS	17,457	13,950
Earnings used in the calculation of dilutive EPS	17,457	13,950

	No. Shares 000's	No. Shares 000's
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	131,232	125,564
Weighted average effect of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	131,232	125,564

For the purposes of calculating diluted earnings per share, the effect of dilutive stock options is added to the weighted average number of shares outstanding.

		Consolidated Entity	
		2010	2009
Note 9: Cash And Cash Equivalents	Note	$000	$000
Cash at bank and in hand		30,004	10,212
Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		30,004	10,212
		30,004	10,212

Note 10: Trade And Other Receivables

CURRENT			
Trade receivables		99,849	91,954
Provision for impairment of receivables		(812)	(717)
		99,037	91,237
Due from customers for construction contracts	10(a)	9,336	7,117
Tax refund due		4,367	4,071
		112,740	102,425
The carrying amounts of the consolidated entity's trade receivables (net of provisions for impairments) are denominated in the following currencies:			
New Zealand Dollar		5,907	4,311
Malaysian Ringgit		402	-
Australian Dollar		102,064	94,043
		108,373	98,354

Trade Receivables are generally on 30 day terms from the end of the month.

At 30 June 2010 $812,150 of current trade receivables of the consolidated entity is considered impaired (2009: $717,081). These amounts have been included in the administration expenses in the statement of comprehensive income.

At 30 June 2010 trade receivables of $15,303,000 (2009: $15,890,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default or other indicators of impairment. The ageing analysis of these trade receivables is as follows:

	2010	2009
Current, within initial trade terms	77,840	64,806
31 - 60 days	15,230	17,658
1 - 90 days	11,100	8,033
91 days plus	4,203	7,857
	108,373	98,354
Movements in the provision for impairment of receivables are as follows:		
Opening balance	717	-
Provision for impairment recognised during the year	913	1,164
Receivables written off during the year as uncollectible	(818)	(447)
Closing balance	812	717

With respect to trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The consolidated entity does not hold any collateral as security.

Note 10: Trade And Other Receivables (continued)

	Note	Consolidated Entity 2010 $000	Consolidated Entity 2009 $000
(a) Construction contracts			
Contract costs incurred		207,305	143,438
Recognised profits		33,625	24,974
		240,930	168,412
Progress billings		(255,403)	(172,327)
		(14,473)	(3,915)
Amounts due from customers – included in debtors	10	9,336	7,117
Amounts due to customers for contract work	18	(23,809)	(11,032)
		(14,473)	(3,915)

Note 11: Inventories

	2010 $000	2009 $000
CURRENT		
Raw materials and stores	8,458	6,786
Work in progress	14,813	21,712
Finished goods	7,370	8,035
	30,641	36,533

Note 12: Investments Accounted For Using The Equity Method And Financial Assets

(a) Investments Accounted for Using Equity Method

	2010 $000	2009 $000
Pinebeam Pty Ltd	26	26
Interest in jointly controlled operation	1,430	-
	1,456	26

Pinebeam, Pty Ltd is an industrial supplies company incorporated in Australia. Eagle Engineering Pty Ltd, a wholly owned subsidiary of RCR Tomlinson Ltd holds a 24% ownership interest in Pinebeam Pty Ltd.

The consolidated entity holds a 32.5% interest in the LORRCR joint venture with Laing O'Rourke. The consolidated entity's share of profit in the joint venture was $1,430,000.

Movements During the Year in Equity Accounted Investment in Associated Companies:

	2010 $000	2009 $000
Balance at beginning of the financial year	26	251
Add: Share of joint venture profit	1,430	-
Less: Share of associated company's loss	-	(25)
Less: Impairment charge	-	(200)
Balance at end of the financial year	1,456	26

Extract from the joint venture's statement of comprehensive income:

	2010 $000	2009 $000
Revenues	35,164	-
Net Profit	7,400	-
Share of income earned by the jointly controlled operation	2,405	-
Less amounts repaid	(975)	-
Interest in jointly controlled operation	1,430	-

(b) Financial Assets Comprise:

(i) Available for sale

	2010 $000	2009 $000
Shares in unlisted entity at fair value	15	15

Note 13: Controlled Entities

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)* 2010	2009
Parent Entity:			
RCR Tomlinson Ltd	Australia		
Subsidiaries of RCR Tomlinson Ltd:			
RCR Mining Pty Ltd	Australia	100	100
RCR Energy Services Pty Ltd	Australia	100	100
RCR Resources (Heat Treatment) Pty Ltd	Australia	100	100
RCR Corporate Pty Ltd	Australia	100	100
RCR Resources Pty Ltd	Australia	100	100
RCR Energy (Stelform) Pty Ltd	Australia	100	100
Sartap Pty Ltd	Australia	100	100
Stelform Piping Systems Pty Ltd	Australia	100	100
RCR Energy (Stelform VRBT) Pty Ltd	Australia	100	100
RCR Energy Systems Pty Ltd	Australia	100	100
RCR Laser Pty Ltd	Australia	100	100
Australasian Technology Pty Ltd	Australia	100	100
Capital Developments Corporation Pty Ltd	Australia	100	100
RCR Energy Systems Ltd	New Zealand	100	100
RCR Resources (Eagle) Pty Ltd	Australia	100	100
Applied Laser Pty Ltd	Australia	100	100
RCR Power Pty Ltd	Australia	100	100
RCR Positron Pty Ltd	Australia	100	100
Positron Power Pty Ltd	Australia	100	100
RCR Resources (Tripower) Pty Ltd	Australia	100	100
RCR Mining (Spliceline) Pty Ltd	Australia	100	100
RCR Asia Pty Ltd (Air & Tenaga Hijau Solutions Sdn Bhd)	Malaysia	100	-
Container Lift Pty Ltd*	Australia	50	50

* Percentage of voting power is in proportion to ownership

Notes to the Financial Statements

30 June 2010

Note 14: Property, Plant and Equipment

	Consolidated Entity	
	2010 $000	2009 $000
LAND AND BUILDINGS		
Freehold land:		
At fair value	25,646	31,450
	25,646	31,450
Buildings:		
At fair value	11,440	15,775
Less accumulated depreciation	(1,497)	(1,513)
	9,943	14,262
Total land and buildings	35,589	45,712
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	107,310	103,873
Accumulated depreciation	(59,309)	(55,365)
	48,001	48,508
Leased plant and equipment:		
Capitalised leased assets	4,483	19,090
Accumulated depreciation	(2,352)	(7,359)
	2,131	11,731
Total plant and equipment	50,132	60,239
Total Property, Plant and Equipment	85,721	105,951

The fair value of land and buildings were reviewed by the Directors in June 2010 after having regard to independent valuations. Valuations were made on the basis of an open market value. The changes in the fair value of the land and buildings were not recognised as they were not materially different from the current carrying value of land and buildings.

Note 14: Property, Plant and Equipment (continued)

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

30 June 2010	Freehold Land $000	Buildings $000	Capital Work in Progress $000	Plant and Equipment $000	Leased Plant and Equipment $000	Total $000
Consolidated Entity:						
Balance at the beginning of year	31,450	14,262	773	47,735	11,731	105,951
Additions	107	184	77	8,068	742	9,178
Disposals	(767)	(1,771)	-	(3,632)	(2,205)	(8,375)
Transfers	-	-	-	6,854	(6,854)	-
Depreciation expense	-	(400)	-	(11,602)	(1,283)	(13,285)
Non-current assets classified for sale	(5,150)	(2,307)	-	(88)	-	(7,545)
Foreign exchange translation	6	(25)	-	(184)	-	(203)
Carrying amount at 30 June 2010	25,646	9,943	850	47,151	2,131	85,721

30 June 2009	Freehold Land $000	Buildings $000	Capital Work in Progress $000	Plant and Equipment $000	Leased Plant and Equipment $000	Total $000
Consolidated Entity:						
Balance at the beginning of year	29,607	13,844	2,822	44,426	11,450	102,149
Additions	-	704	-	10,392	2,823	13,919
Disposals	-	-	-	(359)	(127)	(486)
Additions through acquisition of entity	1,065	885	-	1,809		3,759
Transfers	767	(126)	(2,049)	1,583	(175)	-
Revaluation decrements	-	-	-	(65)	-	(65)
Depreciation expense	-	(1,055)	-	(10,075)	(2,240)	(13,370)
Foreign exchange translation	11	10	-	24	-	45
Carrying amount at 30 June 2009	31,450	14,262	773	47,735	11,731	105,951

(b) Historical Cost

	Consolidated Entity 2010 $000	Consolidated Entity 2009 $000
If land and buildings were stated at historical cost, amounts would be as follows:		
Cost	11,681	13,915
Accumulated depreciation	(4,886)	(4,269)
Net book value	6,795	9,646

Notes to the Financial Statements

30 June 2010

Note 15: Intangible Assets

	Consolidated Entity 2010 $000	Consolidated Entity 2009 $000
Technology:		
Cost	15,724	15,720
Accumulated amortisation	(6,409)	(4,529)
Net carrying value of Technology	9,315	11,191
Goodwill:		
Cost	52,643	52,606
Net carrying value of Goodwill	52,643	52,606
Patents and other industrial property rights, service and operating rights:		
Cost	17,696	17,681
Accumulated amortisation and impairment	(5,392)	(3,874)
Net carrying value of Patents	12,304	13,807
Development costs:		
Cost	1,130	1,198
Accumulated amortisation and impairment	(1,111)	(1,106)
Net carrying value of development costs	19	92
Total Intangibles	74,281	77,696

	Technology $000	Goodwill $000	Patents & Other Rights $000	Development Costs $000
Year ended 30 June 2010				
Balance at the beginning of year	11,191	52,606	13,807	92
Acquisitions through business combinations	-	-	-	-
Other costs capitalised during the year	-	37	-	-
Adjustment to goodwill/development costs		-	-	(68)
Amortisation charge	(1,875)	-	(1,525)	(5)
Foreign currency translation	(1)	-	22	-
Closing carrying value at 30 June 2010	9,315	52,643	12,304	19
Year ended 30 June 2009				
Balance at the beginning of year	12,680	55,654	15,392	82
Acquisitions through business combinations	270	204	-	-
Other costs capitalised during the year	18	280	21	15
Adjustment to goodwill/development costs	-	(3,309)	-	-
Amortisation charge	(1,786)	(223)	(1,661)	(5)
Foreign currency translation	9	-	55	-
Closing carrying value at 30 June 2009	11,191	52,606	13,807	92

Note 15: Intangible Assets (continued)

Intangible assets, other than goodwill, have finite useful lives.

Goodwill has an infinite life. The allocation of goodwill, including that resulting from business acquisitions during the year, has been made to the consolidated entity's business units and at balance date, this goodwill is subject to impairment testing on an annual basis or whenever there is an indication of impairment. Goodwill has been tested for impairment across those cash generating units.

	Consolidated Entity	
	2010 $000	2009 $000
RCR Mining	4,352	4,352
RCR Energy	18,643	16,097
RCR Resources	4,693	7,202
RCR Power	23,258	23,258
RCR Corporate	1,697	1,697
	52,643	52,606

The recoverable amount of the goodwill in each cash generating unit is based on value in use calculations, using cash flow projections based on the following year's budget and plan, extended over five years. No reasonable changes in key assumptions would result in the carrying amount exceeding the recoverable amount.

	Growth Rate	Discount Rate
RCR Mining	2.5%	12.4%
RCR Energy	2.5%	12.4%
RCR Resources	2.5%	12.4%
RCR Power	2.5%	12.4%
RCR Corporate	2.5%	12.4%

Note 16: Other Assets

	Consolidated Entity	
	2010 $000	2009 $000
CURRENT		
Prepayments	2,365	4,288

Note 17: Non-Current Assets Classified As Held For Sale

	2010 $000	2009 $000
CURRENT		
Land and Buildings	7,545	-

Note 18: Trade and Other Payables

	Note	Consolidated Entity 2010 $000	Consolidated Entity 2009 $000
CURRENT			
Unsecured liabilities			
Trade payables		36,995	46,100
Sundry payables and accrued expenses		13,904	14,913
Amounts due to customers for contract work	10(a)	23,809	11,032
Amounts due for acquisition of business		-	2,545
		74,708	74,590
The carrying amounts of the consolidated entity's trade payables are denominated in the following currencies:			
New Zealand Dollar		2,175	2,402
Malaysian Ringgit		180	-
Australian Dollar		34,640	43,698
		36,995	46,100

Note 19: Borrowings

	Note	2010 $000	2009 $000
CURRENT			
Unsecured liabilities			
Lease liability	24	2,343	4,727
		2,343	4,727
Secured liabilities			
Other loans		355	664
		355	664
Total Current Borrowings		2,698	5,391
NON-CURRENT			
Unsecured liabilities			
Lease liability	24	415	8,088
		415	8,088
Secured liabilities			
Bank loans	19(b)	50,000	45,000
Other loans		-	355
		50,000	45,355
Total Non-Current Borrowings		50,415	53,443

(a) Secured liabilities

	2010 $000	2009 $000
Total current and Non-current secured liabilities:		
Other loans	355	1,019
Bank loan	50,000	45,000
	50,355	46,019

(b) Securities

At 30 June 2010 the bank overdrafts and bank loans of the consolidated entity are secured by a fixed and floating charge over the assets and undertakings of each of its wholly owned subsidiaries. Financial ratios relating to EBITDA are also required to be maintained in respect of:

- Interest cover;
- Gearing; and
- Leverage

Note 20: Tax	Note	Consolidated Entity 2010 $000	2009 $000
(a) Liabilities			
NON-CURRENT			
Deferred tax liability comprises:			
Tax allowances relating to property, plant and equipment		(632)	(1,325)
Revaluation adjustments taken directly to equity		8,060	8,060
Other		359	359
		7,787	7,094
(b) Assets			
Deferred tax assets comprises:			
Tax losses		3,480	900
Work in progress		2,130	-
Provisions		4,563	4,461
Transaction costs on equity issue		62	168
Other		793	725
		11,028	6,254
(c) Reconciliations			
(i) Gross Movements			
The overall movement in the deferred tax account is as follows:			
Opening balance		(840)	(2,666)
Movement to statement of comprehensive income	4	4,081	1,826
		3,241	(840)
(ii) Deferred Tax Liability			
The movement in deferred tax liability for each temporary difference during the year is as follows:			
Tax allowances relating to property, plant and equipment:			
Opening balance		(1,325)	(1,450)
Movement to the statement of comprehensive income		693	125
		(632)	(1,325)
Tangible assets revaluation:			
Opening balance		8,060	8,060
Movement to equity		-	-
		8,060	8,060
Work in Progress:			
Opening balance		-	450
Movement to the statement of comprehensive income		-	(450)
		-	-
Other:			
Opening balance		359	178
Movement to the statement of comprehensive income		-	181
		359	359

Note 20: Tax (continued)	Note	Consolidated Entity 2010 $000	2009 $000
(iii) Deferred Tax Assets			
The movement in deferred tax assets for each temporary difference during the year is as follows:			
Tax Losses:			
Opening balance		900	-
Movement to the statement of comprehensive income		2,580	900
		3,480	900
Work in Progress:			
Opening balance		-	-
Movement to the statement of comprehensive income		2,130	-
		2,130	-
Provisions:			
Opening balance		4,461	3,654
Movement to the statement of comprehensive income		102	807
		4,563	4,461
Transaction costs on equity issue:			
Opening balance		168	319
Movement to the statement of comprehensive income		(106)	(151)
		62	168
Other:			
Opening balance		725	599
Movement to the statement of comprehensive income		68	126
		793	725

Notes to the Financial Statements

30 June 2010

Note 21: Provisions

	Consolidated Entity	
	2010 $000	2009 $000
CURRENT		
Warranty and Contract:		
Opening balance at beginning of year	2,509	567
Additional provisions raised during year	222	5,666
Amounts used	(2,177)	(3,724)
	554	2,509
Employee Entitlements:		
Opening balance at beginning of year	11,704	7,939
Additional provisions raised during year	22,563	19,972
Amounts used	(20,715)	(16,207)
	13,552	11,704
Dividend Payable:		
Opening balance at beginning of year	20	21
Additional provisions raised during year	3,272	6,286
Amounts used	(3,292)	(6,287)
	-	20
Total current provisions	14,106	14,233
NON CURRENT		
Employee Entitlements:		
Opening balance at beginning of year	2,989	3,288
Additional provisions raised during year	7,688	3,325
Amounts used	(9,204)	(3,624)
Total non-current provisions	1,473	2,989
Analysis of Total Provisions		
– Current	14,106	14,233
– Non-current	1,473	2,989
Total	15,579	17,222

Note 22: Issued Capital

	Consolidated Entity 2010 No. of Shares '000	Consolidated Entity 2009 No. of Shares '000
(a) Ordinary Shares		
At the beginning of reporting period	125,754	124,952
Shares issued during year:		
Issue to vendors of businesses acquired	4,271	777
Exercise of employee options	1,070	25
Dividend reinvestment plan	765	-
Total number of ordinary shares	131,860	125,754

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands

	$000	$000
Opening balance	115,442	114,205
Movement attributable to:		
Issue to vendors of businesses acquired	2,545	746
Exercise of employee options	963	22
Dividend reinvestment plan	949	-
Write-back of employee option expense	(547)	-
Value of issued options to executives and employees	392	475
Value of issued performance rights to executives	278	-
Transaction costs arising on the share issues	(6)	(6)
Total Issued Capital	120,016	115,442

(b) Options and Rights

For information relating to options and rights, including details of options/rights issued, exercised and lapsed during the financial year and the amounts outstanding at year-end, refer to Note 28: Share-based Payments.

(c) Capital Management

Management controls the capital of the consolidated entity in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the consolidated entity can fund its operations and continue as a going concern. The consolidated entity's debt and capital includes ordinary share capital and financial liabilities and is supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the consolidated entity's capital by assessing the financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the consolidated entity since the prior year. This strategy is to ensure that the consolidated entity's gearing ratio remains between 30% and 50%. The gearing ratios for the year ended 30 June 2010 and 30 June 2009 are as follows:

	Note	Consolidated Entity 2010 $000	Consolidated Entity 2009 $000
Total borrowings including payables	18 &19	127,821	133,424
Less cash and cash equivalents	9	(30,004)	(10,212)
Net debt		97,817	123,212
Total equity		204,609	185,660
Total capital		302,426	308,872
Gearing ratios		32%	40%

Note 23: Reserves

(a) Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets.

(b) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

Note 24: Capital and Leasing Commitments

	Note	Consolidated Entity 2010 $000	2009 $000
(a) Finance Lease Commitments			
Payable — minimum lease payments not later than 12 months		2,434	5,497
Between 12 months and 5 years		431	8,535
Greater than 5 years		-	-
Minimum lease payments		2,865	14,032
Less future finance charges		(107)	(1,217)
Present value of minimum lease payments	19	2,758	12,815
(b) Operating Lease Commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements			
Payable — minimum lease payments not later than 12 months		15,099	6,630
Between 12 months and 5 years		17,865	4,342
Greater than 5 years		3,983	-
		36,947	10,972

The Company has various property leases under non-cancellable operating leases expiring within five years, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by CPI or current market rental on a per annum basis. Options exist to renew the leases at the end of their term for additional periods and conditions. The leases allow for subletting of all lease areas.

(c) Capital Expenditure Commitments

No capital expenditure commitments exist at 30 June 2010 (2009: NIL).

Note 25: Contingent Liabilities

(a) Legal Actions

RCR Resources (Heat Treatment) Pty Ltd, a subsidiary of RCR Tomlinson Ltd, received a summons and statement of claim from Goldamere Pty Ltd in 2007. RCR Resources (Heat Treatment) Pty Ltd is one of the 5 defendants named in the summons. The claim is in respect of a fire at the Savage River mine in Tasmania on the 5th June 2006. The Directors believe that RCR Resources (Heat Treatment) Pty Ltd is not at fault and will strongly defend this action. There has been little activity on this matter for the past 12 months, as the Plaintiff has sold its interests in the mine. RCR is insured for the action. RCR's insurer, Zurich, has appointed Dibbs Barkers to act on RCR's behalf.

(b) Performance Guarantees

RCR Tomlinson Ltd has indemnified its bankers in respect of guarantees, bonds and letters of credit to various customers and suppliers for satisfactory contract performance and warranty security, in the following amounts:

2010: $47,653,241
2009: $47,557,287

Note 26: Segment Reporting

Primary Reporting Business Segments	Mining $000	Resources $000	Energy $000	Power $000	Other (Inc Eliminations) $000	Consolidated Group $000
30 June 2010						
REVENUE						
Sales	166,484	188,066	159,291	74,652	(42,888)	545,605
Total Sales Revenue	166,484	188,066	159,291	74,652	(42,888)	545,605
RESULT						
Segment Result	8,007	1,375	6,106	44	(1,000)	14,532
Finance costs	-	-	-	-	(3,938)	(3,938)
Profit before income tax	8,007	1,375	6,106	44	(4,938)	10,594
Income tax expense	-	-	-	-	6,863	6,863
Profit after income tax	8,007	1,375	6,106	44	1,925	17,457
ASSETS						
Segment assets	61,100	79,358	82,464	27,933	27,117	277,972
Allocated assets	30,857	6,642	13,155	27,170	-	77,824
Total assets	91,957	86,000	95,619	55,103	27,117	355,796
LIABILITIES						
Segment liabilities	19,189	14,811	33,260	5,989	77,938	151,187
Total liabilities	19,189	14,811	33,260	5,989	77,938	151,187
OTHER						
Depreciation and amortisation of segment assets	2,393	3,109	4,865	834	5,489	16,690
30 June 2009						
REVENUE						
Sales	181,605	192,776	180,212	78,683	(43,861)	589,415
Total Sales Revenue	181,605	192,776	180,212	78,683	(43,861)	589,415
RESULT						
Segment Result	14,166	6,471	844	(2,244)	-	19,237
Unallocated expenses net of unallocated revenue	-	-	-	-	(1,500)	(1,500)
Finance costs	-	-	-	-	(5,535)	(5,535)
Profit before income tax	14,166	6,471	844	(2,244)	(7,035)	12,202
Income tax expense	-	-	-	-	1,748	1,748
Profit after income tax	14,166	6,471	844	(2,244)	(5,287)	13,950
ASSETS						
Segment assets	60,874	96,253	73,433	28,853	4,808	264,221
Allocated assets	30,854	6,722	13,392	28,211	-	79,179
Total assets	91,728	102,975	86,825	57,064	4,808	343,400
LIABILITIES						
Segment liabilities	21,099	26,335	28,117	8,432	73,757	157,740
Total liabilities	21,099	26,335	28,117	8,432	73,757	157,740
OTHER						
Depreciation and amortisation of segment assets	2,276	3,057	4,850	1,260	5,602	17,045

Note 26: Segment Reporting (continued)

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arms length" bases and are eliminated on consolidation.

Business Segments

The consolidated entity has the following four business segments:

RCR Mining - RCR Mining is a leader in the design and manufacture of materials handling and process equipment for the mining industry. RCR provides innovative solutions, fully supported from design, manufacture, fabrication, installation, commissioning, through life spares and off-site repair.

RCR Resources - RCR Resources provides specialist structural and mechanical services to the resource industry, port and utility providers. Services include structural, mechanical and piping (SMP) manufacture, construction, installation, plant shutdown, repairs, refurbishment and planned maintenance functions.

RCR Energy - RCR Energy provides turnkey solutions for utility, power and industrial energy projects. RCR provides comprehensive Engineer, Procure, Construct (EPC) services for new projects as well as the overhaul and refurbishment of plants utilising renewable energy, biomass, coal, gaseous and liquid fuels. In addition RCR Energy provides the sales and service of burners, packaged boilers, fired heaters, combustion systems and ancillary equipment, and steam, hot water and thermal oil heating plants. This is supported by specialist capabilities such as laser cutting.

RCR Power - RCR Power offers end to end solutions for the design, fabrication, construction, installation and maintenance of electrical and instrumentation systems to the resources and infrastructure sectors. Services include maintenance, shutdowns, high voltage services and trailing cable repair.

Entity Wide Disclosures

Revenue by geographical region	2010 $000	2009 $000
Revenue attributable to external customers is disclosed below, based on the location of the external customer:		
Australia	517,990	555,123
New Zealand	27,313	34,292
Malaysia	302	-
Total revenue	545,605	589,415
Assets by geographical region		
The location of segment assets by geographical location of the assets is disclosed below:		
Australia	339,924	329,241
New Zealand	14,943	14,159
Malaysia	929	-
Total assets	355,796	343,400

Major customers

The consolidated entity has a number of customer to whom it provides both products and services. The consolidated entity supplies a single external customer in the Resources and Mining segment who accounts for 19% of external revenue (2009: 11%). The next most significant customer accounts for 6% (2009: 7%) of external revenue.

Comparative Information

This is the first reporting period in which AASB 8 has been adopted. Comparative information has been restated to conform to requirements of this standard.

Note 27: Cash Flow Information

	Consolidated Entity 2010 $000	2009 $000
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	17,457	13,950
Non-cash flows in profit:		
Share of joint venture profit	(1,430)	-
Amortisation	4,686	5,915
Depreciation	12,004	11,130
Write-off of obsolete stock	(1,391)	(98)
Net gain on disposal of property, plant and equipment	(3,277)	(150)
Write-downs to recoverable amount	-	290
Effects of foreign exchange translation	117	195
Share based compensation expense	116	475
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– Trade and term receivables	(11,424)	20,553
– Investments and other debtors	(300)	(715)
– Inventories	5,283	(9,561)
– Trade payables and accruals	6,344	(9,990)
– Income taxes payable	(296)	(4,207)
– Deferred taxes payable	(4,081)	(1,826)
– Provisions	355	4,856
Cash flow provided by operations	24,163	30,817

(b) Acquisition of Entities

Year ended 30 June 2010:

During the year ended 30 June 2010, the consolidated entity did not acquire any businesses.

Year ended 30 June 2009:

The consolidated entity acquired the business and assets of Davo-Weldtite (3 July 2008). Details of this transaction was:	Davo-Weldtite $000	Total $000
Total purchase consideration	3,958	3,958
Less shares issued to vendors	-	-
	3,958	3,958
Cash balances acquired	-	-
Cash outflow	3,958	3,958
Inventories	198	198
Property, plant and equipment	3,294	3,294
Provisions	(8)	(8)
	3,484	3,484
Intangible assets	270	270
Goodwill	204	204
	3,958	3,958

Note 27: Cash Flow Information (continued)

(c) Non-cash Financing and Investing Activities

(i) Share Issue

4,270,644 ordinary shares were issued at $2,545,303 as part of the consideration for the completion of the final purchase of Eagle Engineering pursuant to the Sale of Business Agreement for reaching predetermined EBIT levels during the Earn out period.

(ii) Finance Leases

During the year, the consolidated entity did not acquire plant and equipment by means of finance leases (2009: $3,026,933). The prior year acquisitions are not reflected in the statement of cash flows.

	Consolidated Entity	
	2010 $000	2009 $000
(d) Bank Loan Facilities		
The consolidated entity had access to the following bank facilities at balance date:		
Bank overdraft, bank guarantees, and trade finance facility:		
Used	47,653	61,905
Unused	47,347	33,095
Bank loan – cash advance:		
Used	50,000	45,000
Unused	5,000	10,000

Facility Use, Expiry and Interest Rates

- Bank Overdraft, Bank Guarantees, And Trade Finance Facility

  The consolidated entity has a $95 million three year, revolving, multi option bank facility that provides for bank overdrafts, bank guarantees and trade finance. Bank guarantees include a guarantee, performance bond and standby letter of credit facility, relating to satisfactory contract performance in the normal course of business. At balance date the drawn facility was in respect of bank guarantees issued to customers relative to contract performance. At 30 June 2010, $47.3 million of this facility was undrawn. This facility expires on 10 March 2011 and the interest rate is at the quoted rate at the time of the draw.

- Bank Cash Advance Facility

  The consolidated entity has a $55 million three year, non-revolving interest only cash advance facility that provides liquidity for its operations and currently maturing debts. At 30 June 2010, $5 million of this facility was undrawn. This facility expires on 31 July 2011 and the interest rate is at the bank's base rate plus a margin totalling 5.70% at 30 June 2010.

Note 28: Share-Based Payments

(a) Commentary

The following share-based payment arrangements expired on 30 June 2010:

- On 29 June 2005, options were granted to employees to acquire ordinary shares at an exercise price of $0.90 each. The options were exercisable between 30 June 2008 and 30 June 2010. The options held no voting or dividends rights and were not transferable. During the reporting period, 470,000 options were exercised and 1,085,000 options were cancelled or expired leaving NIL options unexercised at balance date.
- On 29 June 2005, options were issued to a Director (John Noordhoek) to acquire ordinary shares at an exercise price of $0.90 each. On 30 September 2005, Shareholders ratified this issue. The options were exercisable between 30 June 2008 and 30 June 2010. The options held no voting or dividends rights and were not transferable. During the reporting period, 600,000 options were exercised, leaving NIL options unexercised at balance date.

The following share-based payment arrangements existed at 30 June 2010:

- In July 2007, options were granted to employees to acquire ordinary shares at an exercise price of $2.20 each. The options are exercisable after 2 July 2010 and 13 July 2010 but before 2 July 2012 and 13 July 2012. The options hold no voting or dividends rights and are not transferable. During the period, NIL options were exercised and 890,000 options have been forfeited, leaving 890,000 options unexercised at balance date.
- In September 2008, options were granted to employees to acquire ordinary shares at an exercise price of $1.20 each. The options are exercisable between 22 September 2010 and 24 September 2013. The options hold no voting or dividends rights and are not transferable. During the period, NIL options were exercised and 440,000 options have been forfeited, leaving 952,500 options unexercised at balance date.
- In June 2009, a total of 8,000,000 options were granted to the CEO (Dr Paul Dalgleish) to acquire ordinary shares at an exercise price of $0.39 on 28 October 2009. Shareholders approved the issue. The options are exercisable between 30 September 2010 and 30 September 2016. The options hold no voting or dividends rights and are not transferable. During the period, NIL options were exercised and nil have been cancelled, leaving 8,000,000 options unexercised at balance date. Further detail on the terms and performance hurdles is set out in the Remuneration Report.

The following performance rights arrangement existed at 30 June 2010:

- In January, February and May 2010, a total of 2,500,000 performance rights were issued to senior executives. No performance rights holder has any right under the terms of the performance rights to participate in any other share issue of the company. During the period, NIL performance rights were exercised and NIL was cancelled, leaving 2,500,000 performance rights over unissued shares open at balance date. Further detail on the terms and performance hurdles is set out in the Remuneration Report.

(b) Options

All options granted are for ordinary shares in RCR Tomlinson Ltd which confer a right of one ordinary share for every option held.

	2010		2009	
	Number of Options $000	Weighted Average Exercise Price $	Number of Options $000	Weighted Average Exercise Price $
Outstanding at the beginning of the year	13,327	0.80	5,345	1.47
Granted	-	-	9,430	0.51
Exercised	(1,070)	0.90	(25)	0.90
Cancelled or Expired	(2,415)	1.43	(1,423)	1.44
Outstanding at year-end	9,842	0.63	13,327	0.80
Exercisable at year-end	-	-	2,155	0.90

There were 1,070,000 options exercised during the year ended 30 June 2010. These options had a weighted average share price of 90 cents per share at exercise date.

Note 28: Share-Based Payments (continued)

The options outstanding at 30 June 2010 had a weighted average exercise price of 63 cents per share and a weighted average remaining contractual life of 4.05 years. Exercise prices range from 0.39 cents to $2.20 per share in respect of options outstanding at 30 June 2010.

The options outstanding at 30 June 2009 had a weighted average exercise price of 80 cents per share and a weighted average remaining contractual life of 4.23 years. Exercise prices range from 0.39 cents to $2.20 per share in respect of options outstanding at 30 June 2009.

Included under employee benefits expense in the income statement is $392,000 (2009: $475,000) and relates, in full, to equity-settled share-based payment transactions.

The total amount of option expense written back for the year ended 30 June 2010 is $547,000 (2009: NIL).

Unissued ordinary shares of RCR Tomlinson Ltd under option at the 30 June 2010 are as follows:

Date Options Granted	Expiry Date	Exercise Price per Share	Number of Options	Fair Value per Option at Grant Date
2 Jul 2007 & 13 Jul 2007	2 Jul & 13 Jul 2012	$2.20	890,000	$0.75
24 Sept 2008	24 Sept 2013	$1.20	952,500	$0.18
17 Jun 2009	30 Sept 2012 – 30 Sept 2016	$0.39	8,000,000	$0.001 - $0.106

(c) Performance Rights

All rights granted carry no dividend or voting rights. When vested, each right is convertible to one ordinary share.

	2010 Number of Performance Rights	2009 Number of Performance Rights
Outstanding at the beginning of the year	-	-
Granted	2,500,000	-
Exercised	-	-
Cancelled or Expired	-	-
Outstanding at year-end	2,500,000	-
Exercisable at year-end	-	-

Included under employee benefits expense in the income statement is $278,000 (2009: NIL) and relates, in full, to equity-settled share-based payment transactions.

The following inputs were used to determine the fair value of rights issued in January 2010:

- Bi-nominal pricing model
- Share price of RCR shares at grant date - $1.04
- Expected volatility – 55%
- Risk free interest rate – 4.58%

The following inputs were used to determine the fair value of rights issued in February 2010:

- Bi-nominal pricing model
- Share price of RCR shares at grant date - $0.89
- Expected volatility – 55%
- Risk free interest rate – 4.54%

The following inputs were used to determine the fair value of rights issued in May 2010:

- Bi-nominal pricing model
- Share price of RCR shares at grant date - $0.99
- Expected volatility – 55%
- Risk free interest rate – 4.84%

Note 28: Share-Based Payments (continued)

Unissued rights of RCR Tomlinson Ltd as at 30 June 2010 are as follows:

Date rights granted	Performance rights granted	Fair Value per performance right at Grant Date	Vesting Date
25 Jan 2010	100,000	$0.7085	30 Sept 2010
	333,333	$0.7596	30 Sept 2011
	333,333	$0.7704	30 Sept 2012
	233,334	$0.7790	30 Sept 2013
	333,333	$1.0400	25 Jan 2012
	333,333	$1.0400	25 Jan 2013
	333,334	$1.0400	25 Jan 2014
28 Feb 2010	50,000	$0.6373	30 Sept 2011
	50,000	$0.6534	30 Sept 2012
	50,000	$0.8900	28 Feb 2012
	50,000	$0.8900	28 Feb 2013
6 May 2010	75,000	$0.6302	30 Sept 2011
	75,000	$0.6726	30 Sept 2012
	75,000	$0.9900	4 Jan 2012
	75,000	$0.9900	4 Jan 2013

(d) Other Share Based Payments

A total of 4,270,644 ordinary shares were issued at $2,545,303 as part of the consideration for the completion of the final purchase of the Eagle Engineering Group pursuant to the Sale of Business Agreement for reaching predetermined EBIT levels during the Earn out period.

Note 29: Events After The Balance Sheet Date

No matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect:

- the consolidated entity's operations in future financial years;
- the results of those operations in future financial years; and
- the consolidated entity's state of affairs in future financial years.

Note 30: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties:

(a) Ultimate Parent Company

RCR Tomlinson Ltd is the ultimate Australian parent company.

(b) Controlled Entities

Interests in controlled entities are set out in Note 13.

During the year, funds have been advanced between entities within the consolidated entity for the purposes of working capital requirements only. All loans are interest free and have no fixed repayment date.

(c) Transactions with Director Related Parties

Rental payments of $121,800 for RCR' s Corporate headquarters in Booragoon WA were paid to an entity associated with Mr Jeffrey Hogan on normal commercial terms (2009: $116,000).

Note 31: Financial Risk Management

The consolidated entity's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risks. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. The consolidated entity uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by the finance function under policies approved by the Board of Directors. The finance function identifies, evaluates and hedges financial risks in close co-operation with the consolidated entity's operating units. The Board provides principles for overall risk management and the finance function provides policies with regard to financial risk management that are clearly defined and consistently applied.

(a) Market Risk

(i) Foreign Exchange Risk

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the New Zealand dollar and to a lesser extent other currencies.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the parent entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The Australian dollar is the functional currency for most of the entities in the consolidated entity and business activities.

Management has instituted a policy requiring entities in the consolidated entity to manage their foreign exchange risk against their functional currency.

At 30 June 2010, had the Australian Dollar weakened / strengthened by 10% against the New Zealand dollar with all other variables held constant, post-tax profit for the year would have been $71,000 higher / $71,000 lower (2009: $31,000 higher / $31,000 lower), mainly as a result of the change in value of the net income earned by entities in the consolidated entity with the New Zealand dollar as their functional currency. Equity would have been $1,156,000 higher / $1,156,000 lower (2009: $1,070,000 higher / $1,070,000 lower) had the Australian dollar weakened / strengthened by 10% against the New Zealand dollar arising mainly as a result of the change in value of the net equity of entities in the consolidated entity with the New Zealand dollar as their functional currency.

(ii) Price Risk

The consolidated entity is exposed to immaterial price risk on profit or loss and total equity for unlisted securities that are available for sale.

(iii) Cash Flow and Fair Value Interest Rate Risk

The consolidated entity's main interest rate risk arises from short and long-term borrowings and interest bearing assets. Borrowings at variable rates expose the consolidated entity to cash flow interest rate risk and borrowings at fixed interest rates expose the consolidated entity to fair value interest rate risk. The consolidated entity's bank borrowings are in Australian Dollars at variable interest rates primarily tied to the BBSY. The consolidated entity's finance lease liabilities are at fixed interest rates.

The consolidated entity analyses its interest rate exposure on a dynamic basis. Various interest rate shifts are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these interest rate shifts, the consolidated entity calculates the impact on profit and loss. The interest rate shift scenario is run only for liabilities and assets that represent the major interest-bearing positions. Based on the simulations performed, the annual impact on profit or loss of a one percent shift in interest rates, with all other variables held constant, is estimated to be a maximum increase or decrease of $231,000 (2009: $486,000). The simulation is done on a bi-annual basis to estimate the maximum loss potential.

Note 31: Financial Risk Management (continued)

(iv) Summarised Sensitivity Analysis

The following table summarises the sensitivity of the consolidated entity's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

		Interest Rate Risk				Foreign exchange risk			
	Carrying	+1%		-1%		+10%		-10%	
30 June 2010	Amount $000	Profit $000	Equity $000	Profit $000	Equity $000	Profit $000	Equity $000	Profit $000	Equity $000
Financial Assets									
Cash and cash equivalents	30,004	300	-	(300)	-	-	254	-	(254)
Trade and other receivables	112,740	-	-	-	-	-	591	-	(591)
Financial Liabilities									
Trade and other payables	74,708	-	-	-	-	-	391	-	(391)
Short-term borrowings	2,698	(27)	-	27	-	-	-	-	-
Long-term borrowings	50,415	(504)	-	504	-	-	-	-	-
Total increase/ (decrease)		(231)	-	231	-	-	1,236	-	(1,236)
30 June 2009									
Financial Assets									
Cash and cash equivalents	10,212	102	-	(102)	-	-	216	-	(216)
Trade and other receivables	102,425	-	-	-	-	-	629	-	(629)
Financial Liabilities									
Trade and other payables	74,590	-	-	-	-	-	451	-	(451)
Short-term borrowings	5,391	(54)	-	54	-	-	-	-	-
Long-term borrowings	53,443	(534)	-	534	-	-	-	-	-
Total increase/ (decrease)		(486)	-	486	-	-	1,296	-	(1,296)

(b) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss. Credit risk is co-operatively managed by the finance function and the operating units for customers, including outstanding receivables and committed transactions and at the consolidated level for credit risk arising from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. For banks and financial institutions, only reputable institutions with sound financial positions are dealt with.

Individual risk exposures are set for customers in accordance with specified limits established by the Board of Directors based on independent credit reports, financial information obtained, credit references, and the consolidated entity's credit and trading history with the customer. Outstanding customer receivables are regularly monitored and any credit concerns highlighted to senior management. High risk projects or shipments for customers are generally covered by letters of credit or other forms of guarantee.

At 30 June 2010, the consolidated entity did not have any material credit risk exposures to any single receivable or group of receivables under financial instruments (2009: NIL).

Note 31: Financial Risk Management (continued)

(c) Liquidity and Capital Risk

The consolidated entity's total capital is defined as the shareholders' net equity plus net debt, and amounted to $302.4 million at 30 June 2010 (30 June 2009: $308.8 million). The objectives when managing the consolidated entity's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

The consolidated entity does not have a fixed target debt /equity ratio, but has a policy of maintaining a flexible financing structure so as to be able to take advantage of investment opportunities when they arise.

The consolidated entity maintains backup liquidity for its operations and currently maturing debts through a combination bank overdrafts, bank guarantees and trade finance facility as well as a cash advance facility, of which $50.0 million and $5 million was undrawn at 30 June 2010, respectively. These facilities expire on 10 March 2011 and 31 July 2011 respectively and the interest rate is at the bank's base rate plus a margin or a quoted rate at the time of the draw totalling 5.70% at 30 June 2010.

The consolidated entity must maintain three covenants relating to the debt drawn under the bank's credit facilities, for which a compliance certificate must be produced attesting to certain ratios for interest cover, leverage, and gearing. The consolidated entity's policy is to centralise debt and surplus cash balances whenever possible.

The table below analyses the consolidated entity's financial liabilities into maturity groupings based on the remaining period from the balance date to the contractual maturity date. As amounts disclosed in the table are the contractual undiscounted cash flows including future interest payments, these balances will not necessarily agree with the amounts disclosed on the balance sheet.

30 June 2010	Within 1 year $000	Between 1 and 5 years $000	After 5 years $000
Financial Liabilities			
Trade and other payables	74,708	-	-
Bank borrowings	2,850	50,238	-
Other borrowings	355	-	-
Finance lease liabilities	2,434	431	-
Total	80,347	50,669	-
30 June 2009			
Financial Liabilities			
Trade and other payables	74,590	-	-
Bank borrowings	1,979	46,485	-
Other borrowings	664	355	-
Finance lease liabilities	5,497	8,535	-
Total	82,730	55,375	-

Interest payments are included in the bank borrowings and finance lease liability amounts above. Interest payments are projected using interest rates applicable at 30 June 2010 and 2009. As the bank borrowings are subject to variable interest rates, future interest payments are subject to change in line with market changes.

Note 32: Financial Instruments

The financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, bank loans and leases.

(a) Financial Assets and Liabilities by Category

30 June 2010	Total $000	Loans and Receivables $000	Available for Sale Securities $000	Held at Fair Value $000	Other Financial Assets and Liabilities $000
Financial Assets:					
Cash and cash equivalents	30,004	30,004	-	-	-
Receivables	112,740	112,740	-	-	-
Equity shares in unlisted entity	15	-	15	-	-
Investments accounted using the equity method	26	-	-	-	26
Total Financial Assets	142,785	142,744	15	-	26
Financial Liabilities:					
Bank loans and overdrafts	50,000	-	-	-	50,000
Trade and sundry payables	74,708	-	-	-	74,708
Lease liabilities	2,758	-	-	-	2,758
Other loans	355	-	-	-	355
Total Financial Liabilities	127,821	-	-	-	127,821
30 June 2009					
Financial Assets:					
Cash and cash equivalents	10,212	10,212	-	-	-
Receivables	102,425	102,425	-	-	-
Equity shares in unlisted entity	15	-	15	-	-
Investments accounted using the equity method	26	-	-	-	26
Total Financial Assets	112,678	112,637	15	-	26
Financial Liabilities:					
Bank loans and overdrafts	45,000	-	-	-	45,000
Trade and sundry payables	74,590	-	-	-	74,590
Lease liabilities	12,815	-	-	-	12,815
Other loans	1,019	-	-	-	1,019
Total Financial Liabilities	133,424	-	-	-	133,424

Note 32: Financial Instruments (continued)

(b) Derivative Financial Instruments

Currency Forward Exchange Contracts

The consolidated entity enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the consolidated entity against unfavourable exchange rate movements for both the contracted and anticipated future sales and purchases undertaken in foreign currencies.

	2010 $000	2009 $000
	Total Fair Value	Total Fair Value
(Assets)/Liabilities		
Buy US dollar : Sell Australian dollar (less than 1 year)	-	487
Buy US dollar : Sell New Zealand dollar (less than 1 year)	(136)	-
Buy NZ dollar : Sell Australian dollar (less than 1 year)	-	12
Buy NZ dollar : Sell Euro (less than 1 year)	(22)	-
Buy Euro : Sell Australian dollar (less than 1 year)		12
Buy Thailand Baht : Sell Australian dollar (less than 1 year)	-	(44)
Buy Australian Dollar : Sell New Zealand dollar (less than 1 year)	2	-
Buy Japanese Yen : Sell Australian dollar (less than 1 year)	(8)	-
Total (assets)/liabilities related to currency forward contracts	(164)	467

(c) Net Fair Values

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

	2010		2009	
	Carrying Amount $000	Net Fair Value $000	Carrying Amount $000	Net Fair Value $000
Financial Assets:				
Cash and cash equivalents	30,004	30,004	10,212	10,212
Loans and receivables	112,740	112,740	102,425	102,425
Equity shares in unlisted entity	15	15	15	15
Investments accounted using the equity method	26	26	26	26
Total Financial Assets	142,785	142,785	112,678	112,678
Financial Liabilities				
Bank loans and overdrafts	50,000	50,000	45,000	45,000
Trade and other payables	74,708	74,708	74,590	74,590
Lease liabilities	2,758	2,758	12,815	12,815
Other loans	355	355	1,019	1,019
Total Financial Liabilities	127,821	127,821	133,424	133,424

Note 32: Financial Instruments (continued)

None of the above financial assets and financial liabilities are readily traded on organised markets in standardised form. The net fair value is determined by valuing them at the present value of contractual future cash flows.

The carrying amounts of financial assets and financial liabilities are materially in line with their fair values.

Note 33: Parent Entity Disclosures

(a) Financial Information

	Parent Company	
	2010 $000	2009 $000
Profit for the year	6,135	5,363
Total Comprehensive Income	6,135	5,363
Current Assets	79,842	77,261
Total Assets	219,645	213,171
Current Liabilities	13,617	15,006
Total Liabilities	71,089	67,019
Share holders Equity		
– Issued Capital	120,016	115,442
– Reserves	14,013	13,973
– Retained Earnings	14,527	16,737
Total Equity	148,556	146,152

(b) Guarantees

Guarantees have been provided by RCR Tomlinson Ltd are listed in Note 25.

(c) Other Commitments and Contingencies

Commitments of RCR Tomlinson Ltd are disclosed in Note 24.

RCR Tomlinson Ltd has no legal contingent liabilities.

Note 34: New Accounting Standards And Interpretations Issued But Not Yet Effective

New Standards And Interpretations Issued But Not Yet Effective

At the date of this financial report the following standards and interpretations, which may impact the consolidated entity in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)
AASB 2009-5	*Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136, 139]*	Amends a number of standards as a result of the annual improvements project.	1 January 2010
AASB 9	*Financial Instruments*	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013
AASB 124	*Related Party Disclosures*	Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition	1 January 2011
2009-11	*Amendments to Australian Accounting Standards arising from AASB 9*	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2013
2009-12	*Amendments to Australian Accounting Standards*	Amends AASB 8 Operating Segments as a result of the revised AASB 124. Amends AASB 5, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052 as a result of the annual improvement project.	1 January 2011
2010-3	*Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	Amends AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139 as a result of the annual improvements project.	1 July 2010
2010-4	*Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	Further amends AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13 as a result of the annual improvements project.	1 January 2010

The expected impact on the consolidated entity of the above standards and interpretations are currently being assessed by management. A final assessment has not been made on the expected impact of these standards and interpretations, however, it is expected that there will be no significant changes to the accounting policies of the consolidated entity.

Note 35: Company Details

The registered office and principal place of business of the company as at 30 June 2010 is:

RCR Tomlinson Ltd
239 Planet Street
Welshpool WA 6106

Directors' Declaration

The Directors of the company declare that, in the opinion of the Directors:

(a) the financial statements and notes thereto are 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 their performance for the year then ended; and

  (ii) complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001;

(b) the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1; and

(c) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

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

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors:

R Brown.

Roderick J M Brown
Director

Signed at Perth on the 20th day of August 2010

Independent Auditors' Report

RSM Bird Cameron Partners
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
RCR TOMLINSON LTD

Report on the Financial Report

We have audited the accompanying financial report of RCR Tomlinson Ltd, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes 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.

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 consolidated 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 opinions.

Independent Auditors' Report

RSM Bird Cameron Partners
Chartered Accountants

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 RCR Tomlinson Ltd 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 their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; 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 which is included within the directors' report for the financial 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 RCR Tomlinson Ltd for the financial year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall.

Perth, WA
Dated: 20 August 2010

D J WALL
Partner

Shareholding Information

The following shareholder information is provided as at 10 September 2010.

RCR's Top Twenty Shareholders

Registered Shareholder	Fully Paid Ordinary Shares	Percentage of Total Shares
Cogent Nominees Pty Limited	23,626,140	17.92
Mr Jeffrey Charles Hogan	13,000,000	9.86
National Nominees Limited	10,223,984	7.75
RBC Dexia Investor Services Australia Nominees Pty Limited (Pipooled A/C)	6,997,962	5.31
HSBC Custody Nominees (Australia) Limited	5,665,987	4.30
Merrill Lynch (Australia) Nominees Pty Limited (Berndale A/C)	4,437,681	3.37
Citicorp Nominees Pty Limited	2,885,169	2.19
J P Morgan Nominees Australia Limited	2,152,227	1.63
Mr David Paul Dippie + M/S Joanne Elizabeth Dippie + Mr Ernest William Gartrell	2,125,736	1.61
AL Group Pty Ltd	2,061,325	1.56
ANZ Nominees Limited (Cash Income A/C)	2,002,790	1.52
Jaylin Pty Ltd (Linden Super Fund A/C)	1,625,057	1.23
Mr Manfred Peter Luttenberger (Luttenberger Family A/C)	1,021,429	0.77
Equity Trustees Limited (SGH Pi Smaller Co's Fund)	855,164	0.65
Narwee Pty Ltd	787,000	0.60
Akir Pty Ltd	756,074	0.57
Mr Desmond Richard Cope	737,548	0.56
Mr Bruce David McBeth + M/S Ruth Ester McBeth + Mr Ernest William Gartrell	681,029	0.52
Mr William Gordon Martin + Mrs Beverley Michelle Martin (Chemco Super Fund A/C)	600,000	0.46
Bartlett Grain Pty Ltd (Superannuation Fund A/C)	596,644	0.45
Total	82,838,946	62.82

Substantial Shareholders

An extract of the company's register of substantial shareholders (who held a relevant interest in 5% or more of the issued capital) is set out below:

Substantial Shareholder	Fully Paid Ordinary Shares	Percentage of Total Shares
Hunter Hall Investment Management Limited	21,401,015	16.23
Mr Jeffrey Charles Hogan	13,112,217	9.94
Perpetual Limited	7,870,322	5.97

Distribution Of Security Holdings

The number of security holders by size of holding is set out below:

Range	Number of Shareholders	Number of shares	Number of option holders	Number of Options	Number of performance right holders	Number of performance rights
1 - 1,000 shares	461	255,749	-	-	-	-
1,001 - 5,000 shares	1,264	3,747,311	39	195,000	-	-
5,001 - 10,000 shares	666	5,198,273	21	195,000	-	-
10,001 - 100,000 shares	870	23,593,849	25	1,435,000	4	500,000
100,001 and over shares	102	99,064,990	1	8,000,000	1	2,000,000
Total	3,363	131,860,172	86	9,825,000	5	2,500,000

There were 167 holders of less than a marketable parcel of ordinary shares.

Employee Options (Unquoted)

Options granted pursuant to the RCR Employee Share Plan approved by shareholders on 29 September 2006 and subsequently on 28 October 2009.

Item	No. of Employees Participating	Number of Options
Employee Options exercisable at $1.20 per share	74	945,000
Employee Options exercisable at $2.20 per share	17	880,000
Total	91	1,825,000

CEO Options (Unquoted)

8,000,000 Options have been issued to the CEO, Dr Paul Dalgleish, as approved by shareholders on 28 October 2009, as detailed in the Directors' Report.

Performance Rights (Unquoted)

2,500,000 Performance Rights have been granted to 5 RCR executives as detailed in the Directors' Report.

On-Market Buy-Back

On 16 September 2010, the Board announced its intention to return approximately $3.0 million to shareholders through the initiation of an on-market share buy-back. The buy-back will be open for 12 months from 1 October 2010.

Voting Rights

Ordinary shares

For all ordinary shares, voting rights are on a show of hands whereby every member present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

Options and Performance Rights

There are no voting rights attached to options and performance rights.

Other Information

RCR Tomlinson Ltd is incorporated and domiciled in Australia and is a publicly listed company limited by shares.

Investor Information

Annual General Meeting

The 2010 Annual General Meeting of RCR Tomlinson Ltd will be held at 11.00am (AWST) on Thursday 18 November 2010 in the Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia 6000. Full details of the meeting will be provided in the Notice of Annual General Meeting.

Company Information

A range of information on RCR Tomlinson Ltd is available from the company website, www.rcrtom.com.au. This includes Annual Reports and Interim Reports, Presentations and ASX Announcements.

Share Registry

RCR Tomlinson Ltd's share register is managed by Computershare Investor Services Pty Limited (Computershare).

Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace
Perth, Western Australia 6000
Telephone from within Australia: 1300 557 010
Telephone from outside Australia: +61 3 9415 4000
Fax: +61 8 9323 2033
Email: web.queries@computershare.com.au
Website: www.investorcentre.com

Shareholder Enquiries

Shareholders can obtain information about their shares or dividend payments by contacting the Company's share registry.

Update Your Shareholder Details

Security holders can access several services provided by Computershare online at www.investorcentre.com/au

This online service can be used to obtain information on your current holding and transaction history for taxation purposes. You can also access and download forms necessary to advise of changes to your holding, such as change of address, notification of tax file number and off market transfers.

Shareholders require their Security Reference Number (SRN) or Holder Identification Number (HIN) to access this site.

Five Year Summary

30 June Year End	Measure	2010	2009	2008	2007	2006
Revenue	$M	545.6	589.4	518.5	364.1	273
Revenue Growth	%	(7.4)%	13.7%	42%	34%	67%
EBITDA	$M	31.2	34.8	40.0	33.4	25.7
EBITDA Margin	%	5.7%	5.9%	7.7%	9.2%	9.4%
EBIT	$M	14.4	17.7	25.0	24.4	19.7
NPBT	$M	10.6	12.2	19.4	22.5	18.0
NPAT	$M	17.5	13.9	17.9	17.6	15.8
NPAT Margin	%	3.2%	2.3%	3.5%	4.8%	5.8%
EPS	cents	13.3	11.1	14.3	15.3	16.8
Dividend per share	cents	3.0	2.5	5.0	5.0	4.0
Net Assets	$M	204.6	185.7	176.5	140.8	82.2
Safety	LTIFR	1.11	1.93	1.91	3.19	7.12
Market capitalisation	$ million	109.4	75.5	87.3	249.3	225.6
Closing share price	$	0.83	0.60	0.75	2.20	2.38
Total shareholder returns – 1 year	%	35.71%	-20.73%	-62.21%	-5.88%	202.52%
Total shareholder returns – 3 year rolling	%	-56.59%	-68.91%	9.43%	544.14%	929.74%

Corporate Directory

ABN

81 008 898 486

Head and Registered Office

Level 6, 251 St Georges Terrace
Perth WA 6000
Ph: +61 8 9355 8100
Fax: +61 8 9361 0724
E-mail: enquiries@rcrtom.com.au
Website: www.rcrtom.com.au

Auditors

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000

Bankers

Commonwealth Bank Australia
150 St Georges Terrace
Perth WA 6000

Share Registrar

Computershare Investor Services
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Tel: 08 9323 2000
Fax: 08 9323 2033

Securities Exchange Listing

RCR's shares are listed on the Australian Securities Exchange
ASX code: RCR

Directors

Roderick Brown – Chairman and Independent Non-Executive Director

Eva Skira – Independent Non-Executive Director

Kevin Edwards – Independent Non-Executive Director

Paul (David) Dippie –Non-Executive Director

Jeff Hogan- Non-Executive Director

Charlie Birmingham –Non-Executive Director

Chief Executive Officer

Paul Dalgleish

Chief Financial Officer

Andrew Walsh

Company Secretary

Darryl Edwards

Key Offices

For full list of offices, please refer to the RCR website.

Australia

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RCR used recycled chlorine-free greenhouse friendly paper for the printing of this Annual Report

Insight Communication & Design

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