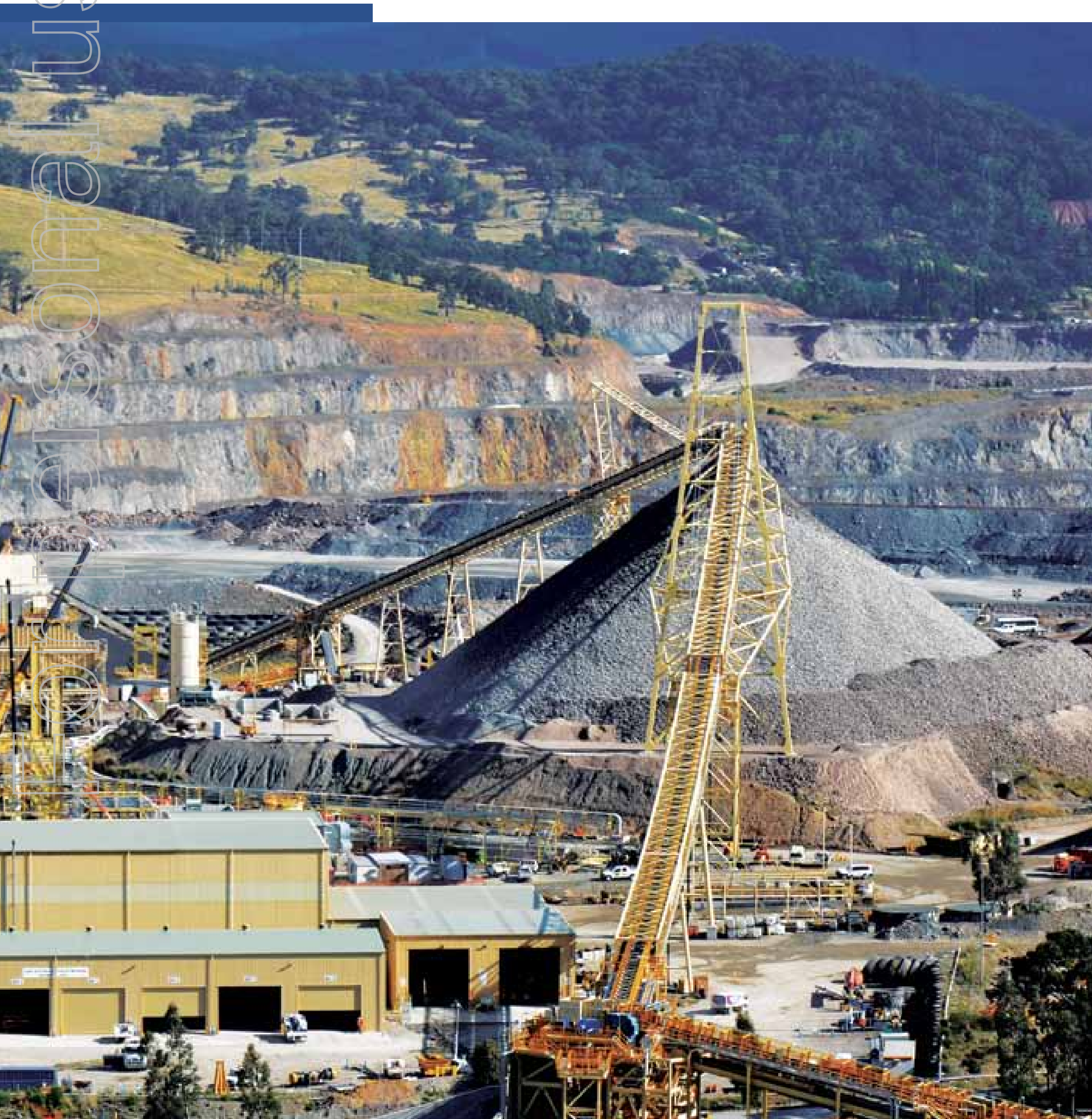
RCR Limited
Tomlinson

2012
Annual Report



Contents

RCR designed, manufactured and supplied 15 belt feeders and 2 large apron feeders, 30 metres long and weighing 220 tonnes for BHPB's operation at Yandi, Western Australia

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About this Annual Report

This 2012 Annual Report provides a summary of RCR's activities and financial performance and position as at 30 June 2012.

Featured Cover Image

The image on the cover of the 2012 Annual Report shows Newcrest Mining's Cadia Valley Operations in NSW. RCR has been responsible for Structural, Mechanical & Piping (SMP) works including pre-assembly and installation of the Cadia East Project (CEP) underground material handling system (including conveyor structure) and installation of mechanical equipment. Additional CEP works included the construction of the process plant tailings thickener and encompassed steel pre-assembly and installation of the SMP equipment.

About RCR

RCR is a leading provider of integrated engineering solutions in the mining, energy, resources and power sectors.

Mining Energy Resources Power

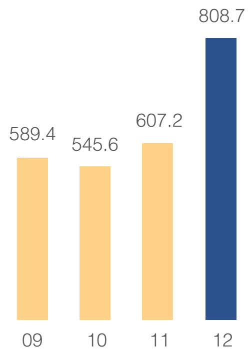
Mining: leaders in mining equipment design & manufacture. **Energy:** technology leader in steam, power and cogeneration plants. **Resources:** engineering & construction servicing the resources, oil & gas and mining industries. **Power:** end-to-end engineering & construction specialist for electrical instrumentation & control projects.

Integrated Engineering Solutions

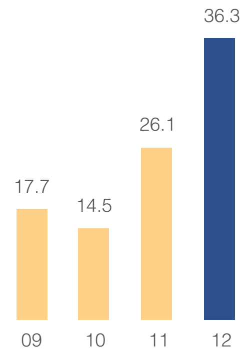
Highlights

Load-Out of Fine Crushing Bins for Ore Processing Facilities

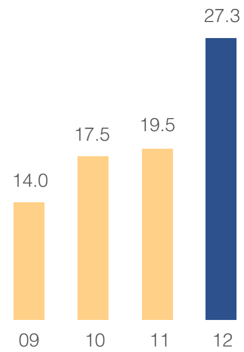
Revenue - $M



EBIT - $M



Net Profit After Tax - $M



Revenue increased **33%**

EBIT increased **39%**

NPAT increased **40%**

Financial Performance	FY12		Change
Sales Revenue - $M	808.7	^	33%
EBITDA - $M	51.5	^	29%
EBIT - $M	36.3	^	39%
NPAT - $M	27.3	^	40%
Net Cash - $M	45.2	^	$51.6 M
Order Book - $M	618.0	^	$317.9 M
Dividends Paid - cents per share	6.25	^	67%
Earnings Per Share - cents	20.5	^	38%
Net Tangible Assets Per Share - cents	109.3	^	17%

Record **Order Book**

Order Intake of $1.2 billion and Record Order Book of $618 million

Record **Profit**

40% increase in Profit fully supported by operating cash flows of $81.5 million

Record Sales **Revenue**

Revenue increased by 33% to $809 million

Strong **Cash Position and Cash Flows**

Cash balance of $45 million and no debt

Largest Single **Contract**

Awarded contract for $600 million

Employee Numbers **Increased**

RCR's highly skilled workforce increased to 2,316

Focus on **Safety**

17% decrease in LTIFR to 0.65, reflecting our focus on safety

Growth in **Shareholder Returns**

3 year TSR of 217% and dividends up 67%

RCR completed 2012 with record growth in profit, unprecedented order book, a significant increase in Revenue and no debt.

RCR Designed and manufactured a 32 metre / 85 tonne hydraulically-driven belt feeder for Rio Tinto

Chairman's Report

RCR Designed and Supplied Scrubbers for BHP Billiton's Yandi operations

A Year of Unprecedented Growth

RCR again delivered record revenue and earnings in the past year, with strong cash flows enabling the Company to repay over $32 million in term debt and to end the year with a cash balance of $45 million.

RCR reported a net profit after tax for the year of $27.3 million, a 40% improvement on the prior year's result. Growth in earnings was driven by an improvement in margins and a significant increase in annual revenue to $809 million, up 33% on the prior year.

Importantly during the year RCR was awarded the largest contract in the Company's history, valued at $600 million, to provide procurement, construction and pre-commissioning of two ore processing facilities at Fortescue's Solomon Mine in the Pilbara region of Western Australia. The award was a major achievement for RCR, demonstrating our ability to successfully deliver on our strategy of organic growth through pursuing larger contracts.

Other major contracts awarded during the year included the design and supply of Heat Recovery Steam Generators (HRSGs) for BHP Billiton's new Yarnima Power Station Project in the Pilbara, and the design, manufacture, installation and commissioning of steam boilers at Fonterra's Darfield Operations in New Zealand. We were also awarded extensions to our existing contracts at Newcrest's Cadia Operations in NSW, Woodside's Pluto Project and BHP Billiton's Worsley Refinery Efficiency and Growth Project.

Another milestone for the year was completing the integration of the AE&E business, which RCR acquired in June 2011, into its existing Energy business, leading to the establishment of a project and engineering head office for the Energy business in Sydney.

Safety Culture

We continue our relentless commitment across the Company to maintaining a safe and healthy work environment for our workforce.

RCR's safety performance during the year improved with another decrease in the Lost Time Injury Frequency Rate (LTIFR) to 0.65, a measurable improvement in our performance that compares favourably to our peers.

FY12 was again one of record revenue and earnings growth and a transition from net debt to cash

Delivering Returns For Shareholders

RCR's Board paid an inaugural interim dividend of 2 cents per share and declared a final dividend of 4.25 cents per share, taking the full-year dividend to a record annual dividend of 6.25 cents per share, up 67% from the 3.75 cents paid to shareholders last year. The increase in dividends reflects our strong operational performance and healthy final cash position.

Board And Corporate Governance

In his third year as RCR's Chief Executive Officer, Dr Paul Dalgleish was welcomed to the Board as Managing Director. Since joining RCR as CEO, Dr Dalgleish's influence on the Company's strategic direction and focus has been increasingly clear both in terms of our operational structure and the nature of the contracts we have been securing across our business.

Following an extensive recruitment process, the Board appointed Mark Bethwaite (AM) as a Non-Executive Director. With over 40 years industry experience, including executive roles as Managing Director of North Ltd and Renison Goldfields Consolidated Ltd for over ten years, Mark has brought a wealth of knowledge to RCR, and seamlessly transitioned into the role in March 2012.

We continue to develop RCR's Corporate Governance practices, benchmarking against best practice and our industry peers. In particular, our approach to reporting practices for the benefit of our shareholders once again received recognition from the Australasian Reporting Awards, with RCR's 2011 Annual Report receiving a Bronze Award for the second consecutive year.

The Years Ahead

As RCR progresses into the current year, we remain committed to growing the Company organically and pursuing growth through acquisition where it fits with our strategy.

With order intake for the year of $1.2 billion and the strength of RCR's forward order book which stands at $618 million, there is good foundation for confidence in RCR's organic growth prospects in the medium term.

Furthermore, with this foundation in place, we are well positioned to leverage synergies across our core businesses and to diversify our revenue streams through a greater emphasis on infrastructure and other technology-based income.

This next financial year RCR will focus further on improving profitability of the company while continuing to grow revenues and strengthening brand recognition in order to deliver outstanding shareholder returns.

Conclusion

On behalf of the Company, I would like to acknowledge the tireless dedication of our Managing Director & Chief Executive Officer, Dr Paul Dalgleish, the executive team and my fellow directors during the past year. I believe the foundation that has been laid, coupled with the strength and dynamic of our team, will enable us to drive expansion of RCR's business and pursue growth opportunities, and as a result I have every confidence in the successful future growth of the Company.

Of course our continuing success would not be possible without the commitment, enterprise and hard work of our employees, and I would like to thank each of them for their contribution throughout another year of challenge and growth.

Finally I thank you, our shareholders, for supporting RCR's growth strategy. I hope you will continue to share in our future success.

R Brown.

Roderick Brown
Chairman

Managing Director's Report

RCR's strong performance this financial year has significantly strengthened our Balance Sheet which enables our company to target step change growth through winning larger projects across all divisions or through a major acquisition.

RCR Belt Feeders designed and supplied to BHP Billiton's Yandi operations

Overview

As highlighted in the Chairman's report this year was one of unprecedented growth which resulted in record earnings, NPAT up 40% to $27.3 million, complemented by strong operating cash flow of $81.5 million. RCR delivered significant revenue growth, up 33% to $809 million, underpinned by solid operating performance and significant strategic success, including the award of the Solomon Ore Processing Facility for Fortescue valued at over $600 million.

The strong revenues enabled RCR to further focus on developing our human capital through senior project management appointments, and system enhancements to deliver large projects.

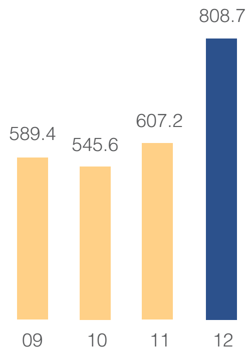
RCR secured a record order intake of $1.2 billion, more than doubling our order book to $618 million by year end, which included major projects in Resources, Power and Energy and a steady stream of new Mining equipment and off site repair projects. The order book remains well balanced between recurring and project revenues which are lower risk, and fixed price contracts.

Other significant achievements during the year included:-

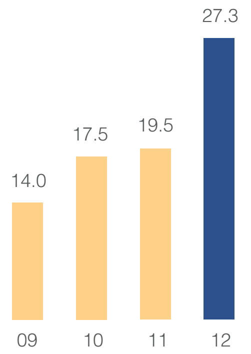
- strengthening our balance sheet, with the early repayment of $32 million term debt leaving us with no debt and cash on hand of $45.2 million at year end.
- strengthening our ability to deliver very large projects, with the development of an industry leading Iron Ore project team.
- reducing our LTIFR to 0.65, an improvement of 17%, on a total of 4.6 million man-hours worked.
- award of contract extensions at BHP Billiton's Worsley E&G Project; Woodside's Pluto Project and Newcrest's Cadia Operations in NSW, now our largest delivered contract at $130 million and 568,000 man-hours.
- winning a major contract worth over $30 million for BHP Billiton at its new Yarnima Power Station, leveraging technology from our acquisition in May last year of the former AE&E Australia.

For the third year we delivered an increase in dividends up 67% to 6.25 cents for the full year and finished the year with a three year Total Shareholder Return (TSR) of 217%, equating to a compound annual growth rate of 47% per annum.

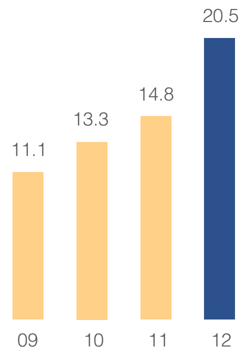
Revenue - $M



Net Profit After Tax - $M

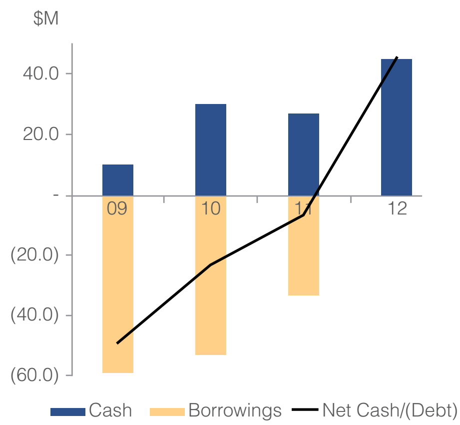


Earnings Per Share - cents



RCR Total Shareholder Return compared to S&P/ASX 300 Index – 3 years

Net Cash/(Debt)



Financial Performance	FY12	FY11		Change
Sales Revenue - $M	808.7	607.2	^	33%
EBITDA - $M	51.5	39.9	^	29%
EBITA - $M	40.3	29.2	^	38%
EBITA Margin - %	5.0	4.8	^	4%
NPAT - $M	27.3	19.5	^	40%
Net Cash/(Debt) - $M	45.2	(6.5)	^	$51.6 M
Order Book - $M	618.0	300.1	^	$317.9 M
Dividends Paid - cents per share	6.25	3.75	^	2.5 cents
Earnings Per Share - cents	20.5	14.8	^	38%
Net Tangible Assets Per Share - cents	109.3	93.7	^	17%

Operational Performance

Operational performance for this past year achieved our target of 5% EBITA Margin and established the Company as a good performer in comparison to our peers. Margin improvements across our four core businesses, Mining, Energy, Resources and Power resulted from a continued focus on risk management and commercial acumen for tenders and during project delivery.

Safety

Following a reassessment of our approach to safety last year, we targeted our attention on both leading and lagging indicators to objectively measure safety performance and culture.

During the last twelve months RCR significantly reduced our Lost Time Injury Frequency Rate (LTIFR) to 0.65, a 17% reduction on the prior year, while completing over 4.6 million man-hours of work.

We also implemented a more rigorous internal safety audit program to supplement our external programs in order to drive a culture of self audit and continuous improvement in our safety system.

Highlights in terms of safety performance included: the All Injury Frequency rate ("AIFR") reduced 12%; over 320,000 stop & think actions completed; more than 18,500 tool box and pre-start meetings held; over 25,000 Unsafe Acts Preventions (UAPs) by management; and over 28,000 Job Safety Analyses and Job Hazard Analyses conducted.

RCR designed and manufactured stackers and transfer conveyors for POAGS at Utah Point, Port Hedland

By year end over 90% of all our sites were LTI free.

Further details on our safety performance are set out in the Sustainability section of this report.

RCR Mining

The Mining business continued the success of the first half with the highest ever number of deliveries of apron and belt feeders; finishing the year with delivery of at least one feeder per week.

Recurring revenues from off-site repair and maintenance work also improved in the second half.

In the year end the business achieved a record order book intake and a vigorous level of inquiries which supports the continuation of current activity levels well into new financial year.

The business achieved margin growth, which continued strongly from the first half of the year to delivering 7.3% EBIT margin for the full year. The Mining business is still our most profitable business due to strong intellectual property on which the revenues are based.

RCR Energy

Our Energy business won its first major contract with BHP Billiton, based on AE&E Australia technology.

Sales revenue for the year was lower than the prior year due to major project timing. In the second half of the year a program of overhead reduction in the newly combined Energy business should be reflected in margin improvements in the new financial year.

The Energy Service division, with its solid recurring revenues throughout Australia and New Zealand continued to deliver strong earnings.

The second half saw increased tendering activity, focussed on larger traditional power stations and boiler work using both RCR proprietary and acquired technologies.

RCR Resources

The Resources business was propelled into tier one status by securing a $600 million contract win for Fortescue, the largest contract in the Company's history, to build two ore processing facilities at Fortescue's Solomon Mine in the Pilbara of Western Australia ("Solomon Project"). The award is a landmark achievement for RCR and demonstrates our ability to successfully deliver on our strategy of organic growth through pursuing larger contracts. The contract is now well advanced, and the successful delivery of the Solomon Project is the key goal of the Resources and Power businesses.

The business also delivered solid performances at Newcrest's Cadia underground operations, Woodside's Pluto Project which completed in June; and at BHP Billiton's Worsley Refinery where the efforts of our team are being recognised through a continuously expanding workload, notably RCR remains the last SMP contractor on site.

During the year, revenues doubled and earnings increased by 45% compared to the prior year, due to substantially increased project revenues on the current relatively fixed overhead.

At year end, the business had a very strong order book and coupled with significant opportunities in the pipeline, is well positioned to continue to grow revenues and margins in the short and medium term.

RCR Power

The Power business benefited from a significant 60% increase in sales revenue, and delivered good profit through a strong second half of the year.

The business will support the Solomon Project with a major portion of electrical and instrumentation ("E&I") work, enabling the business to stabilise in FY13. In addition, project wins at BHP Billiton's Newman operations enabled the business to expand its major projects capability.

During the year, the manufacturing division moved into new purpose-built facilities at our Welshpool Hub and finished the year with revenue and margin growth.

The business finished the year with a much stronger order book and backlog, strong pipeline of tenders for larger projects and increased enquiries for the manufacturing division.

Financial Performance

This financial year was again one of record revenue and profit and a major shift to tier one status for our Resources and Power businesses coupled with stronger margins from our Energy and Mining businesses. As a result, the Company delivered record growth in NPAT up 40% to $27.3 million, and earnings per share of 20.5 cents per share.

Revenues grew 33% compared to the previous year exceeding $808 million in a competitive year for the industry. Contributing to higher revenues were our major projects, Cadia, Worsley, Solomon, and Yarnima, and recurring revenues (mining equipment, energy service & OSR). RCR's diversified revenue streams, conservative approach to order backlog and successful large project delivery underpinned solid margins and EBITA of 5%.

Order Intake for the year totalled $1.2 billion, the largest in RCR's history, resulting in the order book more than doubling at year end to $618 million.

RCR generated over $81.5 million in operating cash for the year resulting in our cash balance increasing to $45.2 million at year end.

The improvement allowed us to eliminate over $32 million of term debt during the year, and reduce our interest burden.

Capital expenditure of $19.2 million demonstrated a significant level of re-investment in our property, plant and equipment, with $10 million flowing to the upgrade of our Welshpool Hub in Western Australia to include new facilities for our Power and Resources businesses and expanded capacity for our Mining OSR business.

RCR's strengthened balance sheet is supported by significant levels of tangible assets, predominantly property, equipment and cash, and no debt. Importantly, RCR is now well positioned financially to support our strategic ambitions to grow through major projects or large acquisition if required.

Our People

The Company's workforce continues to grow in strength and diversity, with the Group directly employing 2,316 people at 30 June 2012, including 157 trainees/apprentices.

RCR's workforce is built on experienced professional staff, highly skilled trades people, a network of trades-based workshops and specialised subcontractors. We believe that our commitment to employing our own people improves our safety, quality and productivity performance through certainty of capability and familiarity with teams and tasks.

In 2012, we have continued our focus on increased female and indigenous participation in the workforce and continue to train and develop in-house skills increasing our number of apprentices and trainees to 157.

RCR maintains a stable industrial relations environment, renewing the majority of our industrial agreements through open negotiation. With over 35 existing Enterprise Bargain Agreements, RCR has lost no time to industrial disputes throughout the year.

Strategy And Outlook

In 2013, RCR will further deliver on our strategy outlined in 2010. Our clear objectives are to: target larger project opportunities; leverage our intellectual property rich businesses into delivery of turnkey solutions; and target tier one contractor status in all our business sectors.

Our goal is to have the majority of work awarded to RCR as a prime contractor direct to blue chip clients.

Given the strength of RCR's balance sheet we are capable of further expanding our large project delivery capacity and targeting a suitable large scale acquisition to provide a step change for RCR.

RCR will continue to target increasing revenues while reducing our cost base and improving commercial and risk management in order to improve profitability.

Specific strategic initiatives for the next financial year include;

1. target further tier one projects in Energy, Resources and Power with the overall goal of increasing average project value.
2. continue to explore applications for RCR's In-Pit Crushing and Conveying ("IP2C") technology and opportunities to expand our mining equipment product base into major projects through technology partnerships.
3. further grow our Energy business in South East Asia through maintenance and greenfield power projects.
4. diversify our income stream both geographically and through alternative sectors such as infrastructure while continually focussing on technology based disciplines.

I look forward to FY13 being another year of significant development as RCR grows to be of increasing relevance to both our clients and the market. This will be achieved by continued strong growth, robust financial performance and a goal to continue to outperform both our peers and the market in delivering shareholder returns.

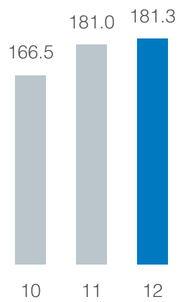
Dr Paul Dalgleish
Managing Director & CEO

RCR has carried out SMP works for BHP Billiton's Worsley Efficiency & Growth Project for over four years

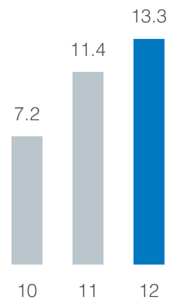
Mining

Review of Operations

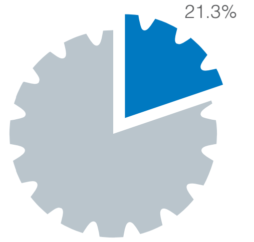
Revenue - $M



EBIT - $M



Revenue Contribution



RCR Mining are leaders in design and manufacture of state-of-the-art materials handling and process equipment.

RCR designed - and - built Award winning Mobile In-Pit Crushing and Conveying Unit (IP2C)

Overview

RCR Mining is a leader in the design and manufacture of materials handling and processing equipment for the mining industry. RCR provides innovative solutions fully supported through design, manufacture, fabrication, installation and commissioning.

Our product range includes apron feeders; belt reelers; belt feeders; conveyors; radial stackers; and trommels; sizing and screen equipment; and crushing, screening, processing and mobile mining equipment for In-Pit Crushing and Conveying (IP2C). In most cases equipment is designed and built to suit the client's needs.

To complement our product offerings, the business also supports customers with asset management support and maintenance services and a 24 hour spare parts service.

Our Off-site Repair Services (OSR) division, with facilities in Western Australia, Queensland, South Australia and New South Wales have the capability of managing specialist repairs and refurbishment of large scale mining equipment.

Performance

During the year the business achieved sales of $181.3 million (FY11: $181.0 million), and earnings before interest and tax (EBIT) of $13.3 million (FY11: $11.4 million). This represents an improvement on the previous year's performance which has seen margins improve from 6.3% to 7.3% during the year.

This year the Mining equipment division has focused on its core business of material handling equipment and systems, which has resulted in a record number of new equipment deliveries to our clients throughout Australia and Africa. During the year a total of 98 apron and belt feeders were manufactured and delivered to clients; a frequency approaching 2 per week with a total mass of equipment delivered from our facilities in Bunbury in Western Australia exceeding 5,000 tonnes. Our major clients included Fortescue, BHP Billiton, Rio Tinto, and Karara, and our capacity to support products during operation and maintenance has expanded considerably to meet this new demand.

This year also saw the delivery of three apron feeders and one belt feeder, a first from our east coast facilities in Wacol, Queensland, to Xtrata and BHP Billiton for Groote Eyrland.

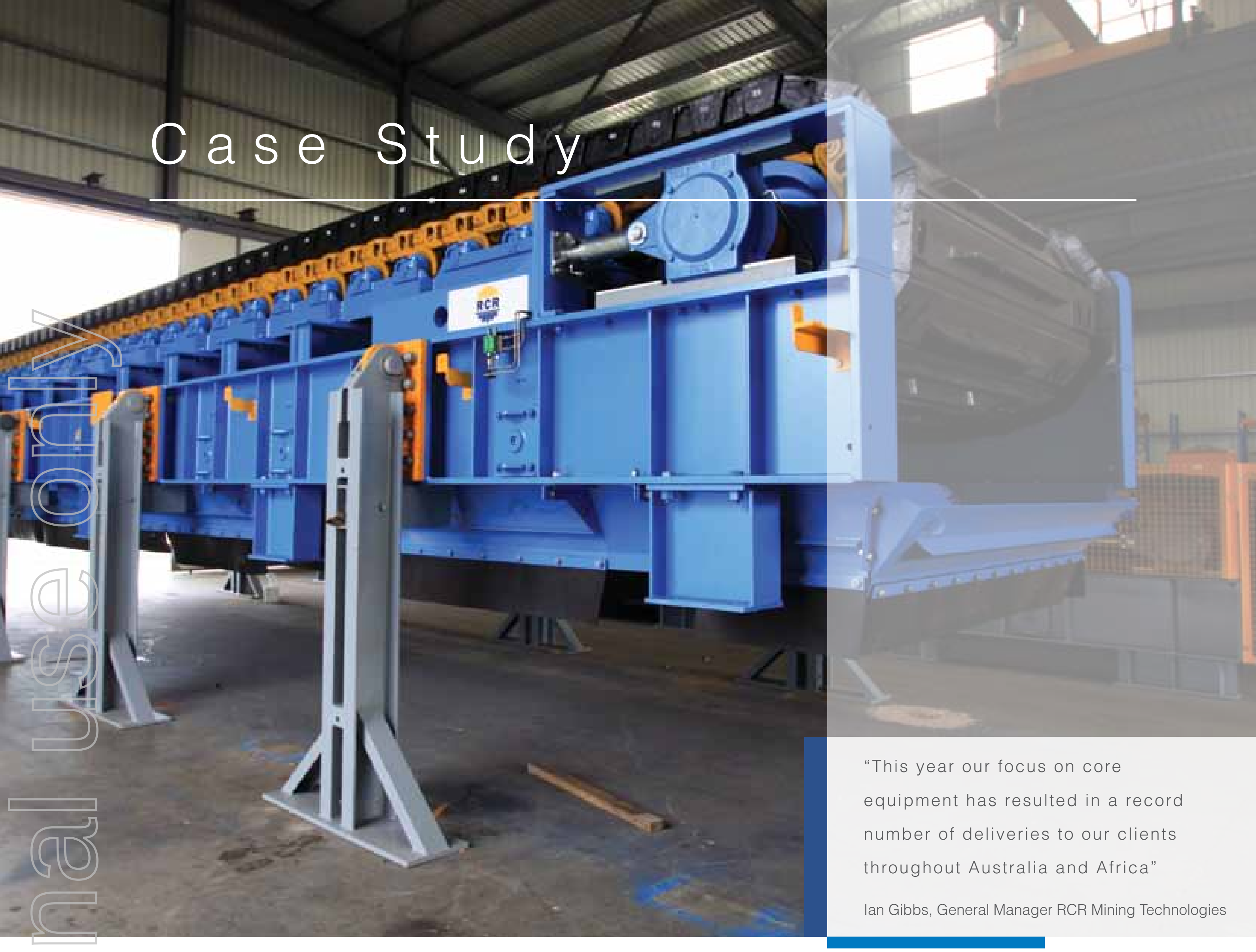
During the year our OSR business completed high-end heavy machinery maintenance works, including a dragline tub for Caterpillar Bucyrus, consuming over 34,000 man hours (at Wacol).

Outlook

RCR Mining's forward order book for the next financial year is strong and together with our recurring revenue base for both capex (new equipment orders) and opex (maintenance, spares and repairs) places the business in good stead to generate growth in the coming year.

The opportunity to deliver more complete plant solutions through technology partnerships is a key focus for our team, and we have been working on new concepts for our award winning IP2C equipment for both existing and new mining operations. The supply of mobile mining equipment for IP2C to the iron ore, coal and mineral sands industries, both domestically and off-shore will continue to be pursued.

Case Study



"This year our focus on core equipment has resulted in a record number of deliveries to our clients throughout Australia and Africa"

Ian Gibbs, General Manager RCR Mining Technologies

Project:	Technologies Bunbury and WACOL – Materials Handling Equipment Production
Clients:	Various (BHP Billiton, Fortescue, RioTinto, Karara)
Location:	Bunbury Operations, WA, Wacol Operations QLD
Duration:	July 2011 – June 2012

This past year our market-leading Mining Technologies division has focused strongly on its core materials handling business, with the delivery of 98 major pieces of equipment, primarily apron feeders and belt feeders, during the period. The total mass of equipment despatched during this record year exceeded 5,000 tonnes. This included production & delivery of two of the largest surge bin belt feeders ever manufactured in Western Australia, each approximately 32 metres long and weighing in at 85 tonnes. Each hydraulically-driven feeder is designed to deliver 11,000 Tonnes Per Hour and over their expected service life will move an estimated 672 million tonnes.

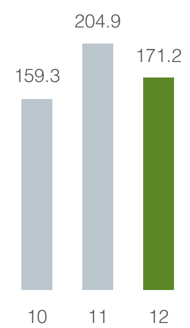
The growth of this part of the business has been consistent, and this year by focusing on our materials handling solutions we have needed to refine all facets of our operations including estimating, supply chain management, design, manufacture and assembly. Logistics and transport was a key foundation to the year's success with more than 300 over-gauge material movements during manufacture, surface treatment and delivery to our clients. Given that the majority of items average 50 – 90 tonnes when complete, the challenges met in this area were significant.

Of further significance was development of our ability to manufacture of feeders outside Western Australia, with our Wacol operation delivering their first apron feeder order to Xstrata.

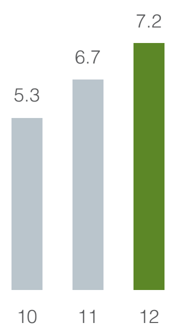
Energy

Review of Operations

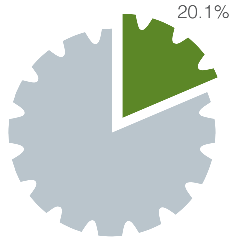
Revenue - $M



EBIT - $M



Revenue Contribution



RCR Energy is uniquely placed in Australia, New Zealand and Asia as a leading provider of engineering and construction services for steam, power and cogeneration projects

140MWe Combined Cycle Power Plant in Queensland

Overview

RCR's Energy business provides integrated solutions for power generation and thermal energy plants, components and systems. Utilising advanced technologies for a range of conventional and renewable fuels, RCR delivers steam generation products and turnkey engineering, procurement and construction (EPC) projects for energy projects across a diverse range of industries.

RCR Energy holds all the major steam cycle and boiler technologies and licenses necessary to deliver the majority of power and steam generation projects in Australia and SE Asia. Our range of power and steam generation products include a comprehensive range of boiler technologies suitable for coal, biomass, liquid and gaseous fuels as well as Heat Recovery Steam Generators (HRSGs), open and closed cycle gas turbine power plants and steam and power generation plants. The businesses product portfolio includes burners, packaged boilers, fired heaters, combustion systems and ancillary equipment, and steam, hot water and thermal oil heating plants.

Service offerings are supported by a network of service offices across Australia and New Zealand, providing 24/7 service, maintenance and repairs of both RCR proprietary equipment and other OEM equipment as well as site installation, plant shut-downs, maintenance and commissioning services.

With over 500 staff across Australia, New Zealand, and Malaysia, the Energy business services the Asia-Pacific and Latin American markets.

Performance

Revenues were $171.2 million (FY11: $204.9 million) with earnings before interest and tax (EBIT) at $7.2 million (FY11: $6.7 million). Revenue and earnings were both impacted by lower volumes in the project and utility maintenance areas due to opportunities being delayed.

Safety performance during the year remained at a high level, with outstanding outcomes achieved within both our Australian and New Zealand operations.

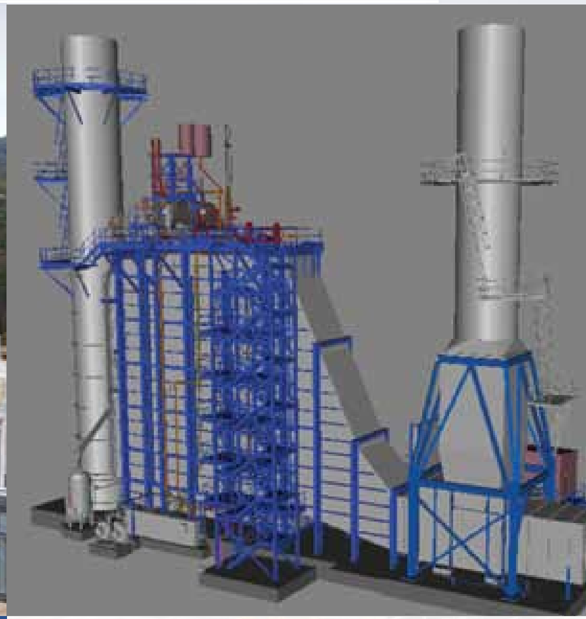
Highlights for the year included; the award of over $30 million contract to supply HRSG equipment for BHP Billiton's new Yarnima Power Station, a combined cycle plant with 192MWe (net) capability, and; supply and install of a 30MW coal-fired boiler to Fonterra's Darfield milk processing factory in New Zealand, providing heat for drier evaporation, pasteurization and cleaning.

Outlook

RCR Energy is uniquely placed in Australia, New Zealand and Asia as a leading provider of integrated solutions for power generation projects.

RCR will leverage further from its experience and associations with technology providers and continue to focus on embedded power projects for the resource industry as well as utility and biomass projects.

Case Study



"This project demonstrates RCR Energy's ability to design and supply complex HRSG systems to demanding standards and engineering specifications, and on a tight delivery schedule"

Graham Salter, Executive General Manager, RCR Energy

Project:	Yarnima Power Plant: Supply of three Heat Recovery Steam Generators
Client:	BHP Billiton Iron Ore Pty Ltd
Location:	Newman, Western Australia

In December 2011, BHP Billiton Iron Ore awarded RCR Energy a contract to design, supply and manufacture three auxiliary-fired, single pressure Heat Recovery Steam Generators (HRSGs) and ancillary equipment for the Yarnima Combined Cycle Power Plant (CCPP) in Newman, Western Australia. The CCPP comprises three Siemens STG 800 Gas Turbine Generators and two Siemens SST-400 Steam Turbine Generators, and when complete the Plant will deliver 192MWe (net), mainly to BHP Billiton Iron Ore's inland operations following their Jimblebar mine expansion.

The scope of HRSG supply includes the inlet ducts, pressure part modules, stacks, de-aerator plant, decentralised control systems, burner management systems, switch rooms, continuous emission monitoring systems and gas bypass diverter and stacks. RCR Energy is also responsible for supervision of erection, commissioning and performance testing of the HRSGs.

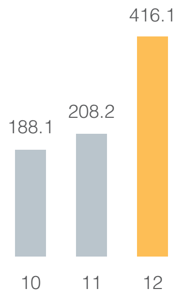
The contract requires that all equipment be designed and manufactured to Australian Standards and BHP Billiton Standard Engineering Specifications. Full compliance is necessary to ensure the plant can be registered with the Department of Mines and Petroleum of Western Australia in accordance with the Mines Safety and Inspection Regulations, and BHP Billiton's requirements.

This is the first major power generation contract awarded to RCR using the AE&E Australia technology, which was acquired by RCR in June 2011. The acquisition further enhances RCR's capabilities and intellectual property in energy generation including the design, supply and installation of Combined Cycle Power Plants which incorporate HRSGs.

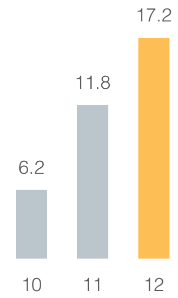
Resources

Review of Operations

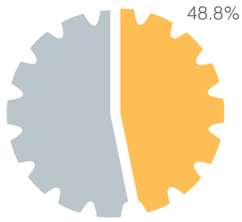
Revenue - $M



EBIT - $M



Revenue Contribution



RCR Resources is a multi-disciplinary business with market-leading engineering, procurement, self performed construction and maintenance services for mining, minerals, oil and gas projects.

Primary Crushing and ROM bin, BHP Billiton RGP5 Yandi Operations

Overview

RCR Resources provides specialist integrated engineering, procurement, construction, maintenance and industrial services to Australian mining and resources, Oil & Gas, Coal and LNG industries.

We have a demonstrated track record in successful delivery of diversified engineering services including mechanical, structural and piping (SMP) packages, maintenance and shutdown services, as well as specialist heat treatment services. In conjunction with RCR Power, the Resources business targets integrated construction, maintenance and shutdown opportunities across industries and throughout Australia.

With an extensive network of operations and facilities across Australia and significant capabilities though the Pilbara in Western Australia, RCR Resources is well positioned to meet the demands of our clients in Iron ore, Gold, Aluminium, Copper, Coal and Oil & Gas sectors.

Our strategic presence through a network of regional workshops across Australia is well aligned with key Mining & Minerals and Oil & Gas growth areas, especially in WA and Queensland.

Our specialist services include the provision of dragline shutdown operations throughout the Bowen Basin and heat treatment services, as well as diversified maintenance support to blue chip clients.

Performance

RCR Resources delivered significant growth, driven both by our new and long-term construction projects.

The business achieved record revenue of $416.1 million (FY11: $208.2 million) and earnings before interests and tax (EBIT) of $17.2 million (FY11: $11.8 million). This represents an improvement of 100% in revenue and 45% in EBIT, compared with the previous year.

A highlight was the contract award for engineering, procurement and construction of the Firetail and Kings Valley Ore Processing facilities (OPFs) for Fortescue.

Contract works for this project are being delivered in conjunction with RCR Power, providing numerous benefits through a streamlined management team, integrated planning and scheduling, plant and equipment sharing and minimal interfaces.

A number of key clients have acknowledged our outstanding performance resulting in key existing projects being consistently extended, through significant additions to our scope of work.

Involvement in the Cadia East Project for Newcrest Mining continued with additional work secured during the year which will see RCR's team remain on site well into 2013.

The achievements of RCR's team at BHP Billiton's Worsley Refinery (Efficiency and Growth Project) have been recognised through a continuously expanding workload. Notably, RCR remains the last SMP construction contractor on site. After three years on site through numerous extensions, the contract for Woodside's Pluto Project was completed and the team demobilised in June 2012.

Case Study

"Our extensive understanding of underground constructability, strong project management approach and robust inter-divisional network make RCR a leader in underground Structural, Mechanical and Piping (SMP) works"

Franco D'Amico, Project Manager

The hard work of our Heat Treatment division produced steady growth in services to the drilling and exploration industry and exceeded expectations, both in revenue and EBIT.

Outlook

Existing major contracts, as well as recurring business generated by our network of workshops, represented a significant increase in work in hand at year end.

Market interest in horizontally integrated packages (SMPE&I) has generated a significant number of enquiries that should provide a good foundation for future growth.

In addition to focusing on substantial resource projects, RCR's network of strategically positioned workshops and branches are also targeting sustaining capital projects and recurring maintenance spending.

Project:	Underground Structural, Mechanical and Piping installation
Client:	Newcrest Mining Limited
Location:	Cadia Valley Operations, Orange, New South Wales

RCR has been engaged by Newcrest Mining to carry out Structural, Mechanical and Piping (SMP) work for the Underground phase of the Cadia East Project in NSW.

The scope of works includes installation of Materials Handling components, some of which were supplied by RCR's Mining division. The crushing system consists of 1 Jaw-Gyratory Crusher station, one collection conveyor and a lateral conveyor transporting ore to the main conveyor system. This main system consists of a series of six inclined belt conveyors.

A small jaw crushing station has been installed for the primary crushing of development and early cave dirt. It processes material from the working faces and transfers material via a 1000tph lateral conveyor onto the main incline conveyor system and onto the surface.

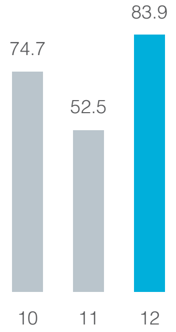
At the surface the material is transferred to a new stockpile conveyor delivering the ore to the existing Mill ore stockpile. A bifurcated chute arrangement allows waste material to be transferred to a waste stockpile.

Safety remains our core priority and it is pleasing to report that there have been no Lost-Time Injuries on the project.

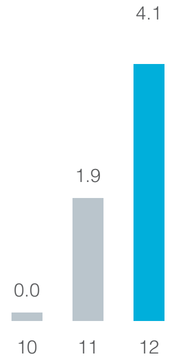
Power

Review of Operations

Revenue - $M



EBIT - $M



Revenue Contribution

RCR Power provides end to end electrical, instrumentation and control solutions to the Resources and Infrastructure sectors

Overview

RCR's Power business offers turnkey solutions for electrical, communication, control and instrumentation systems, power distribution and transmission services to the resources and infrastructure sectors.

Together with RCR's Resources business, RCR Power delivers horizontally integrated mechanical and electrical construction, installation, maintenance and shutdown projects. In addition, the business has a dedicated manufacturing facility for the provision of MCCs, switchboards, high voltage substations, transformers and other electrical equipment and components.

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

Performance

The business saw increased revenue of $83.9 million (FY11: $52.5 million) an increase of 60% for the year. A focus on cost base and increase in revenue during the second half of the year saw EBIT increase to $4.1 million for the full year (FY11: $1.9 million).

A focus during the year was the provision of electrical services as part of RCR's integrated equipment, mechanical and electrical packages. This included electrical and instrumentation works at Fortescue's Solomon Mine and installation of Kiosk Substations & Power cabling in Newman Township. In addition, recurring work from key clients provided a solid base for the manufacturing and construction arms of the business.

RCR has successfully negotiated a 2 year extension to our current maintenance contract at Delta Electricity's Wallerawang Power Station.

We have been providing instrumentation, electrical and communication services at the Wallerawang and Mt Piper Power Station in New South Wales for over 10 years, with zero Lost Time Injuries recorded to date.

Outlook

The business will continue to focus on internal development of its turnkey electrical capability, including engineering design and target growth in both infrastructure and resources sectors.

As construction advances on major key projects there is increased opportunity for EI&C services in the Western Australian Pilbara region, Queensland and New South Wales in the LNG, iron ore, coal and power transmission and distribution sectors. The outlook for growth in manufacturing and electrical services is positive for recurring revenues from maintenance work.

Case Study

"Trenching, backfilling and installation of electrical pits is required as part of each upgrade, with RCR managing- and minimising - the associated impact to the surrounding community"

Project: Kiosk Substation Installation
Location: Pilbara, Western Australia
Duration: 2011 – ongoing

RCR has been contracted to carry out the Upgrade & Installation of 33 Pad Mounted Kiosk Substations in the Pilbara, Western Australia.

The scope of work includes mobilisation and site establishment including provision of all site labour, supervision, construction plant, warehousing, temporary buildings and facilities necessary to carry out the installations.

Trenching, backfilling and installation of electrical pits is required as part of each upgrade, with RCR managing – and minimising - the associated impact to the surrounding community

RCR's WA-based Electrical Manufacturing facility has assisted with fabrication work to allow seamless project delivery.

Sustainability

RCR employs over 2,500 people including a high proportion of trades, and is committed to providing a positive and safe work environment.

Safety

RCR has continued to encourage safe working practices and to provide a safe working environment for all our employees and contractors alike. This has been achieved through the continual development of our Health, Safety and Environmental systems as well as through the ongoing health and safety auditing program that RCR expanded in the last two financial years.

RCR's Health, safety and environment practices are fundamental to our business, and as such we will continue to develop and implement health and safety measures that will objectively provide the foundation for sustainable safety performance across the Company, with the vision of zero harm.

This year once again saw an improvement in RCR's safety performance. Our Lost Time Injury Frequency Rate (LTIFR) decreased to 0.65, measured in millions of man hours worked, a reduction of 17%.

Highlights

Significant safety milestones were achieved at the following operations:

8 Years LTI Free

RCR Mining, Bunbury WA

7 Years LTI Free

RCR Resources, Gladstone QLD

4 Years LTI Free

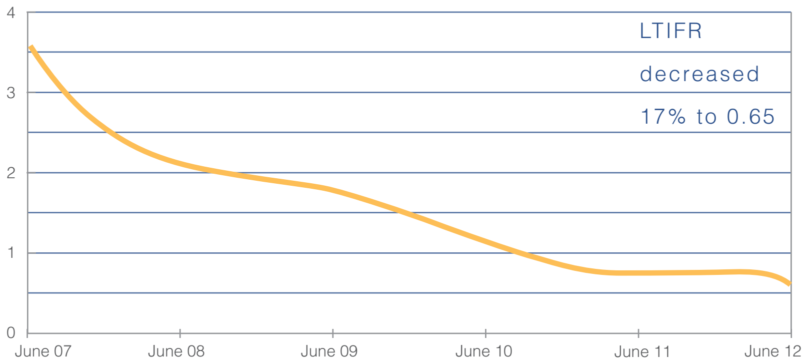
RCR Energy NZ
RCR Mining, Adelaide SA
RCR Mining, Gladstone QLD
RCR Oil & Gas, Perth WA

Further highlights during the year include:

Leading Indicators (Risk Management)

- Over 320,000 Stop & Think actions completed
- Over 18,500 Tool Box and Pre-start meetings complete
- Over 25,000 Unsafe Acts Preventions by management, and
- Over 28,000 Job Safety Analyses and Job Hazard Analyses

RCR Lost Time Injury Frequency Rate 2007 - 2012



RCR Employees after Pre-Start meeting at Solomon Project

Quality ISO 9001 SAI GLOBAL

Oil & Gas ISO 29001 *

Health & Safety AS 4801 SAI GLOBAL

Lagging Indicators

- The AIFR reduced 12%
- The LTIFR reduced 17% from 0.78 to 0.65 and;
- The TRIFR reduced 3% to 14.09
- Over 90% of all RCR's sites are LTI free
- Injury severity reduced which has been reflected in a reduction in the current year's insurance premiums

Our safety performance showed overall improvement measured against our Safety Indicators and we finished the year with a total of three LTIs from over 4.6 million man-hours of work. First aid treatments reduced by 8%, which indicates a likely further reduction in recordable injuries.

Safety Audits

RCR completed a significant number of internal safety audits throughout the year with approximately 20% of RCR sites audited at least once with most receiving follow-up audits to ensure implementation of improvement opportunities.

Environment

RCR continued to develop its environmental procedures structured to AS14001:2004 (Environmental Management System) standards throughout FY12, and there were no major environmental incidents reported during the year.

RCR is registered under the National Greenhouse and Energy Reporting Act 2007 (NGER Act) as a controlling corporation as prescribed by section 12 of the NGER Act. We have taken measures to collate information relating to greenhouse gas emissions, energy production and energy consumption from the operation of facilities under our control. These measures resulted in RCR's emissions remaining well below the reporting thresholds.

Systems And Quality

RCR's management structures are designed to support the sustainable development of our business, to increase transparency of key risks, enhance corporate governance and minimise rework through non-compliance.

RCR's operations are certified to AS/NZS ISO 9001:2008 standards and additionally RCR maintained certification to ISO 29001:2010* (API Spec Q1) for Oil & Gas services at its Welshpool facility.

During the year we further enhanced our Corrective and Preventative Action system to include OHS Audit findings and improve the escalation process for close-out of actions.

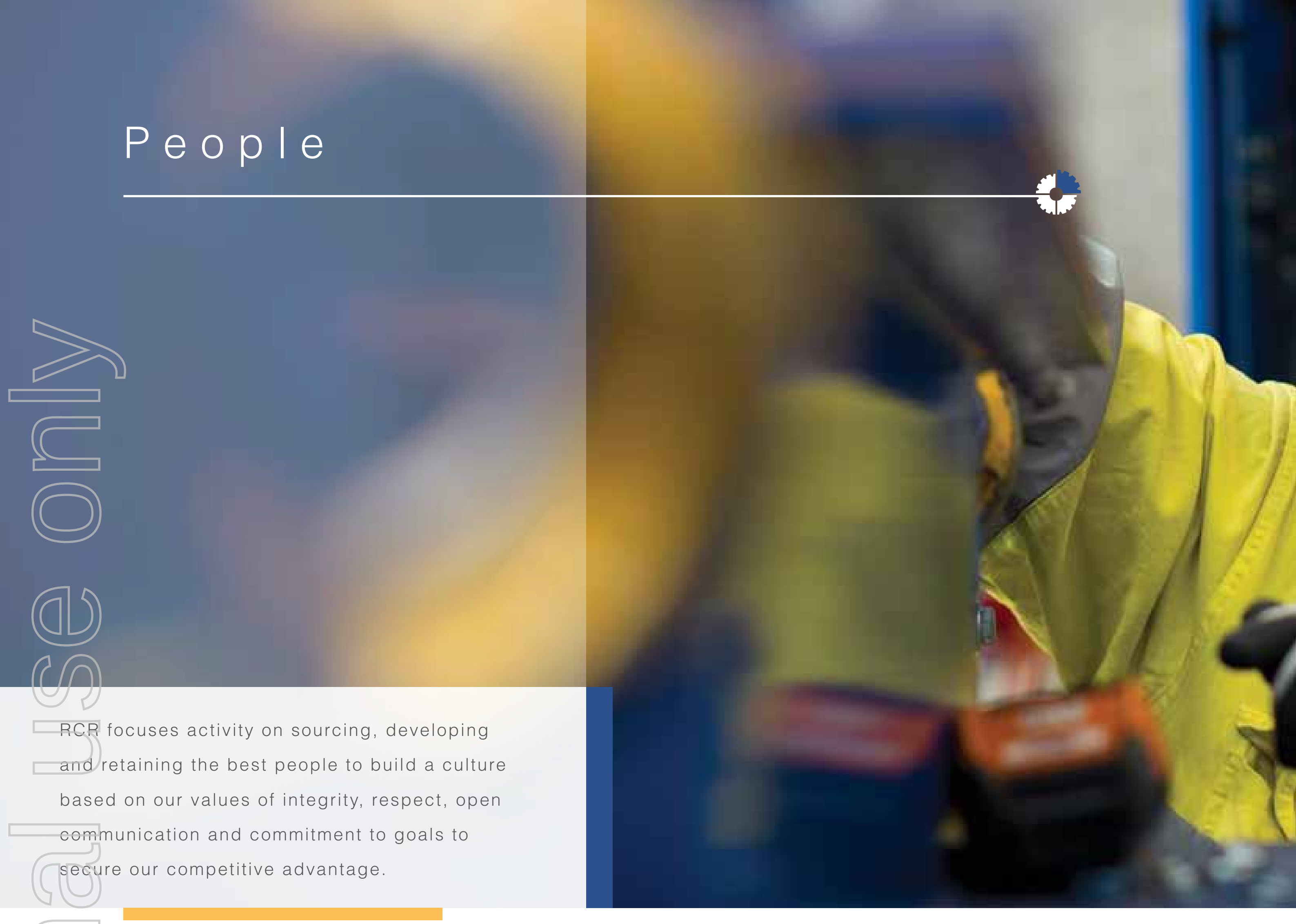
Over the coming year, our priority will be to further develop our Integrated Management System which provides one company system and a single portal for all processes considerably improving compliance and control without reducing productivity or agility.

Community

RCR recognises the importance of building relationships and supporting the communities in which we operate, and we are committed to the development, health, safety and wellbeing of these communities and our employees.

During the year our operations continued to support a variety of local charities, education and sporting programs. In Western Australia RCR fielded teams in both the Ocean Ride for MS and Great Perth Bike Ride. RCR supported a number of charities and sponsored the WA Ballet to deliver an introduction to dance for children in the Pilbara.

People



RCR focuses activity on sourcing, developing and retaining the best people to build a culture based on our values of integrity, respect, open communication and commitment to goals to secure our competitive advantage.

In securing the Solomon Ore Processing Facilities Project for Fortescue, RCR was in a unique position, enabling us to attract some of the best people in the Australian mining sector to this landmark project. RCR continues to self-perform the majority of our work and this culture, coupled with a growing company delivering the most exciting projects, enhances our ability to retain staff.

Apprenticeships and Traineeships remain the foundation of our future skilled tradespeople. RCR now supports the career ambitions of 157 Apprentices and Trainees throughout Australia and New Zealand, the highest number in the company's history.

In the coming financial year, we will expand our learning and development framework to include a range of online content, offering greater flexibility and accessibility to our geographically diverse workforce.

Human Resource Management
Throughout the year RCR has re-aligned HR support to the business to manage increasingly complex Employee Relations and Industrial Relations environments.

We have continued to identify and train our key employees with over $750,000 invested nationally to support the development of our both professionals and our trades.

Our **commitment to Diversity and Equal Employment Opportunities** (EEO) will continue to pursue a work environment that is free of discrimination and harassment, and supports Indigenous employment opportunities. RCR has once again received recognition through the Employer of Women Awards (EOWA) and we have strengthened partnerships aimed at building Indigenous employment initiatives. Further details on our diversity initiatives and actions are set out in the Company's Corporate Governance Statement.

RCR's workforce is built on experienced professional staff, skilled trades people and a network of trades based workshops.

Highlights

- Workforce of over 2,500
- 157 Apprentices and Trainees
- Increased focus towards Indigenous Participation and Employment
- Maintained Equal Opportunity for Women Accreditation for 2011/12
- Secured Federal funding to benefit RCR's Learning and Development goals under the National Workforce Development Fund
- Reviewed and aligned our national recruitment structure

RCR is committed to employing its own people to improve safety, quality and productivity performance

Board of Directors

Roderick James McKenzie 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. He 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 and has 20 years experience as a Company Director.

Board Committee Membership

Member of Remuneration and Nomination Committee

Chairman of Takeover Response Committee

Other Current Directorships

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

Former Directorships Over the Past Three Years

Latin Resources Limited – Chairman

Term of Office

Director since October 2005,
Chairman since January 2008

Interest in Shares and Options

136,500 ordinary shares

Dr Paul Dalgleish
DBA, BE (Hons), FIEAust

Managing Director and Chief Executive Officer

Skills and Experience

Dr Dalgleish has over 20 years experience in executive management roles, including service as Chief Executive of United Group Ltd, Infrastructure, Managing Director of Montgomery Watson Constructors – Asia, and executive roles with Thames Water International and Thames Water Asia Pacific Pty Ltd. Dr Dalgleish is a professional engineer, holding a Doctorate in Business and an honours degree in Engineering.

Term of Office

CEO since May 2009
Managing Director since October 2011

Interest in Shares and Options

1,140,990 ordinary shares

6,125,057 options

248,186 performance rights

Mr Kevin John 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. He 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 not-for-profit organisations and other bodies. He has been a Commissioner on the National Companies and Securities Commission and a Commissioner on the West Australian Football Commission.

Board Committee Membership

Chairman of Remuneration and Nomination Committee

Member of Audit and 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

Mr (Paul) David Paul Dippie
NZCE, MNZIoD, AICD

Independent 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. He 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.

Board Committee Membership

Member of Audit and Risk Committee, since 1 January 2012

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

600,000 ordinary shares

Mr (Mark) Francis Mark Bethwaite
AM, *B.E Civil, MBldg Sc, MBA, AICD*

Independent Non Executive Director

Skills and Experience

Mr Bethwaite has been Managing Director of major mining companies North Limited and Renison Goldfields Consolidated Limited and of one of Australia's leading industry associations before retiring in 2006. Now a professional Director, he serves on a number of Boards in business, government and not-for-profit sectors.

Mr Bethwaite represented Australia in sailing in the 1972 and 1976 Olympic Games and has won World Championships in a number of classes. He was made a Member of the Order of Australia (AM) in early 2011 for services to industry and sailing.

Board Committee Membership

Member of Remuneration and Nomination Committee, since 30 April 2012

Other Current Directorships

No Directorships held in other listed companies

Former Directorships Over the Past Three Years

Chairman of Austral Gold Limited From April 2007 to June 2011

Term of Office

Director since 27 March 2012

Interest in Shares and Options

25,000 ordinary shares

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

Independent Non Executive Director

Skills and Experience

Ms Skira has a background in banking, capital markets, stockbroking and 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 has served / serves on a number of Boards in business, government and the not-for-profit sectors across a range of industries. Ms Skira is currently Chairman of the Water Corporation of Western Australia, a Non Executive Director of Macmahon Holdings Limited and Deputy Chancellor of Murdoch University.

Board Committee Membership

Chair of Audit and Risk Committee

Other Current Directorships

Macmahon Holdings Limited since 26 September 2011

Former Directorships Over the Past Three Years

No Directorships held in other listed companies

Term of Office

Director since May 2008

Interest in Shares and Options

Nil

Management

Andrew Walsh
ACMA
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.

Milos Jankovic
B. ENG (HONS)
Executive General Manager - RCR Resources

Mr Jankovic has extensive project and general management experience in delivery of maintenance, shutdowns and construction contracts. He primarily worked in resources and industrial plants including in Oil & Gas, Petrochemical, Mining & Minerals sectors. Prior to joining RCR, Milos has held positions with Transfield Worley Services JV, Clough and UGL.

Graham Salter
MBA
Executive General Manager - RCR Energy

Mr Salter is a senior executive with over 30 years' experience in the Energy, Environmental and Power Generation industries working with major international companies including Babcock * Wilcox Australia, ABB Power Generation, Alstom Power and AE&E Australia. Prior to joining RCR Energy, Graham was CEO/Vice President of AE&E Australia.

Joseph Tufilli
General Manager - RCR Mining OSR

Mr Tufilli has over 25 years experience in the mining and engineering industry, working with RCR for over 13 years. Mr Tufilli has extensive knowledge in all facets of mining off-site repair, with considerable experience in finance and reporting.

Ian Gibbs
DIP MECH ENG
General Manager - RCR Mining Technologies

Mr Gibbs has over 30 years experience in design and project management, over 20 with RCR in the design, engineering, manufacturing and management fields. With a qualification in Mechanical Engineering, Mr Gibbs has specialist expertise in the innovative development of solutions for mining and materials handling industries.

Darrin Van Vlimmmeren
General Manager - RCR Power

Mr Van Vlimmeren has over 26 years experience in the electrical instrumentation, high voltage, rail and telecommunications infrastructure industries, holding a range of senior roles in Australia and overseas.

Crusher installation at Firetail Ore Processing Facility, part of Fortescue's Solomon operations

Darryl Edwards
BCOM, FCSA, MAICD
Company Secretary

Mr Edwards is a company secretary with over 15 years' experience in the mining, media, manufacturing and corporate advisory sectors. 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.

Charmaine Higgins
Corporate Manager - Human Resources

Ms Higgins has 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 commenced her Masters in Human Resources in 2011.

Kym Low
LLB
Legal Corporate Counsel

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.

Colin Chapman
Corporate IT Manager

Mr Chapman is an experienced IT Manager with a background of over 17 years' Business IT oversight and management. He has worked in predominantly manufacturing and engineering companies and has a keen commercial acumen gained from previous business ownership experience. Mr. Chapman has tertiary training in Business Information Systems.

Neil Connor
Corporate HSE Manager

Mr Connor has extensive experience in industrial environments ranging from oil & gas to engineering manufacture. His background in both mechanical engineering and Occupational, Health and Safety disciplines have enabled Mr. Connor to gain a wealth of insight into industry best practice.

Michael Foulds
Corporate Systems Manager

Mr Foulds has over 25 years of experience in Australia and Asia, most recently as CEO of ENS International, a specialist negotiation consulting firm with clients predominantly in the resources industry. Prior to that he served as COO of FuturePlus Financial Services, where he oversaw major business projects and process improvement initiatives. Michael was a partner in the US strategy consulting firm Arthur D. Little, Inc where he established the firm's Malaysian business and was a senior member of the regional telecoms practice.

Our Capabilities

Mining

Leader in mining equipment design and manufacture

Key Activities:

- Materials Handling Equipment
- Apron Feeders, Belt Feeders
- Radial Stackers
- Belt Reelers, Dozer Traps
- Mobile Mining Equipment
- Off-site Repair
- Specialist Manufacturing and Machining

Energy

Technology leader in power generation and energy plants

Key Activities:

- Power and Energy Plants (HRSG, Turbine, Geothermal, Biomass)
- Combined Cycle Power Plants
- Packaged Boilers
- Conventional and Renewable Fuels
- Burners, Heaters and Combustion Systems
- Servicing and Maintenance
- Laser Cutting

Resources

Engineering and construction for SMP in Mining and Oil and Gas Projects

Key Activities:

- SMP Construction
- Underground Construction
- Mechanical Installation
- Shutdowns
- Dragline Maintenance
- Maintenance
- Heat Treatment

Power

Engineering and construction for EI&C in resources and infrastructure projects

Key Activities:

- Electrical Maintenance, Construction and Installation
- Electrical, Instrumentation and Control Systems
- HV Specialist
- Manufactured Electrical Product and Systems (Substations and Switchboards; Above and Below Ground)

Financial Report 2012

Contents

Directors' Report

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 2012 ("the financial year"). RCR is a company limited by shares that is incorporated and domiciled in Australia.

Board of Directors

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

Roderick Brown, Independent Non Executive Director and Chairman

Paul Dalgleish, Managing Director and Chief Executive Officer (appointed on 25 May 2009 as CEO and subsequently became Managing Director on 20 October 2011)

Eva Skira, Independent Non Executive Director

Kevin Edwards, Independent Non Executive Director

Paul Dippie, Independent Non Executive Director

Mark Bethwaite, Independent Non Executive Director (Since 27 March 2012)

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 22 to 23 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 2012 are set out below.

Directors in Office and Attendance at Board and Board Committee Meetings During 2011/2012

	Board Meetings		Board Committee Meetings: Audit and Risk Committee		Remuneration and Nomination Committee		Takeover Response Committee	
	A	B	A	B	A	B	A	B
Roderick Brown	12	12	3*	4	4	4	-	-
Paul Dalgleish[1]	12	12	4*	4	1*	4	-	-
Eva Skira	12	12	4	4	-	-	-	-
Kevin Edwards	12	12	4	4	4	4	-	-
Paul Dippie	12	12	4^	4	-	-	-	-
Mark Bethwaite	4	4	-	-	1	1	-	-

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.

1. Dr Dalgleish attended all twelve (12) Board meeting of which eight (8) Board meetings were in his capacity as Managing Director. Dr Dalgleish was appointed to the RCR Board as Managing Director on 20 October 2011. Prior to this time he was the Chief Executive Office which did not provide membership to the RCR Board.

* Indicates that a Director attended some meetings by invitation whilst not being a member of a specific committee.

^ Mr Dippie joined the Audit and Risk Committee on 1 January 2012. Prior to this he attended Audit and Risk Committee meetings by invitation.

Company Secretary

The Company Secretary during the financial year was Darryl Edwards. Mr Edwards was appointed Company Secretary on 9 November 2009. He is a qualified Company Secretary and fellow of the Chartered Institute of Secretaries in Australia and has previously held company secretarial positions in large ASX listed companies.

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 s.205G (1) of the Corporations Act 2001 at the date of this report, is as follows:

Director	Ordinary Shares	Options	Performance Rights
Roderick Brown	136,500	-	-
Paul Dalgleish	1,140,990	6,125,057	248,186
Eva Skira	-	-	-
Kevin Edwards	50,000	-	-
Paul Dippie	600,000	-	-
Mark Bethwaite	25,000	-	-

Principal Activities

The principal activities of the consolidated entity during the financial year consisted of the provision of integrated engineering solutions to the following sectors:

- Mining;
- Energy;
- Resources; and
- Power.

Operating and Financial Review

Results for the Year and Review of Operations

This financial year was one of record Revenue and Profit and a major shift to tier one status for our Resources and Power businesses. RCR delivered a 40% increase in Net Profit after Tax of $27.3 million, fully supported by operating cash flow of $81.5 million. This year we achieved our target of 5% EBITA margins across the entire business. Net earnings included lower tax costs mostly due to higher R&D spend which relates to both current and prior years reducing the overall effective tax rate to 21%.

Summary of Consolidated Revenues and Results

Year Ended 30 June	2012 $M	2011 $M
Revenue	808,689	607,249
EBITDA	51,464	39,949
Depreciation	(11,210)	(10,798)
EBITA	40,254	29,151
EBITA Margin	5.0%	4.8%
Amortisation	(4,001)	(3,047)
EBIT	36,253	26,104
Finance Costs	(1,919)	(4,130)
Profit Before Income Tax	34,334	21,974
Income Tax	(7,059)	(2,436)
Profit attributable to members of RCR Tomlinson Ltd	27,275	19,538

Revenue grew 33% compared to the previous year, exceeding $808 million in a competitive year for the industry. Order Intake for the year totalled $1.2 billion resulting in the order book more than doubling at year end to $618 million.

Cash and net cash balances improved to $45.2 million; a $51.6 million increase in the year. The improved cash flow is reflected in the Balance Sheet with debt balances from last year now fully repaid. The cash flow statement includes working capital improvements of $37.2 million mostly due to contract advances.

Business Unit Performance

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

Business Unit	Year Ended 30 June 2012 Revenue $M	Year Ended 30 June 2012 EBIT $M	Year Ended 30 June 2012 Margin %	Year Ended 30 June 2011 Revenue $M	Year Ended 30 June 2011 EBIT $M	Year Ended 30 June 2011 Margin %
Mining	181.3	13.3	7.3	181.0	11.4	6.3
Energy	171.2	7.2	4.2	204.9	6.7	3.3
Resources	416.1	17.2	4.1	208.2	11.8	5.7
Power	83.9	4.1	4.9	52.5	1.9	3.6
Inter Business Sales	(43.8)	-	-	(39.4)	-	-
Corporate	-	(5.5)	-	-	(5.7)	-
Statutory Revenue and EBIT	808.7	36.3	4.5	607.2	26.1	4.3
Finance Costs	-	(1.9)	-	-	(4.1)	-
Tax	-	(7.1)	-	-	(2.4)	-
Net Profit	808.7	27.3	3.4	607.2	19.6	3.2

RCR Mining - During the year the Mining Technologies business had its highest ever number of deliveries of apron and belt feeders. Recurring revenues from the Off-Site Repair ("OSR") business and maintenance work also improved, although fabrication activity was lower than last year. Across the business unit revenues at $181.3 million were similar to FY11 levels of $181.0 million, however, margin growth contributed to a 16% increase in EBIT to $13.3 million compared to $11.4 million in FY11. The order book remains strong with a high level of FY13 backlog and a good level of enquiries.

RCR Energy - The Energy business won its first contract using AE&E technology (acquired in June last year). Revenues in the financial year of $171.2 million were lower than the previous year of $204.9 million due to major project timing and deferral of plant shutdown activities to FY13. EBIT increased to $7.2 million due to improved margin delivery and release of contingent consideration provisions on AE&E ($5 million) which mostly offset restructuring costs and increased tender activity following the business acquisition at the beginning of the year. A program focussed on overhead reduction which commenced in the second half in the newly combined Energy businesses, should be reflected in margin improvements in the new financial year. The Service division, with its solid recurring revenues throughout Australia and New Zealand continued to deliver excellent earnings. The Laser cutting division increased Revenues and contribution due in part to the deployment of new machines to increase productivity and reduce costs coupled with stronger management. Revenues were pleasing given the weak economic sentiment in the manufacturing sector.

RCR Resources - The Resources business secured a major contract ($600 million) to build the Ore Processing Facilities at Fortescue's Solomon mine development ("Solomon Project"). Activity on this project and continued activity on the Cadia project for Newcrest improved revenues in the year to $416.1 million (FY11 $208.2 million). EBIT increased to $17.2 million (FY11 $11.8 million) due to the significant increase in revenues, although margins reflected a conservative approach to profit recognition on the Solomon Project. The Fortescue contract is well advanced, and the successful delivery of the Solomon Project to schedule is the key goal of the business. The Heat Treatment division continues to be a high margin business with furnaces operating at close to maximum capacity, including our newly commissioned facility. RCR Resources has a very strong backlog for FY13 and, coupled with a growing order book and significant opportunities, is well positioned to continue to grow Revenues in FY13.

RCR Power - The Power business, with a significant 60% increase in revenue, delivered good profit through a strong second half of the year. Supporting the Solomon Project, with a major portion of electrical and instrumentation ("E&I") work, enabled the business to stabilise. Revenues and EBIT increased to $83.9 million and $4.1 million respectively. The manufacturing business moved into new purpose-built facilities at our major Welshpool site and continued to deliver good growth and margins. The business finished the year with a much stronger order book and backlog, strong pipeline of tenders for larger projects and increased enquiries for the manufacturing business.

Capital Expenditure

Capital expenditure for the financial year of $19.2 million demonstrated a significant level of reinvestment in our property, plant and equipment with the majority flowing to the upgrade of our Welshpool hub in Western Australia to include new facilities for our Power and Resources businesses and expanded capacity for our Mining business.

Dividends

On 23 February 2012, the Company declared a maiden Interim Dividend of 2.00 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares on the Company's register at 23 March 2012.

In respect of the financial year ended 30 June 2012, the Directors recommend the payment of a Final Dividend of 4.25 cents per share (2011: 3.75 cents) franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares on the Company's register at 13 September 2012 ("Record Date") with payment to be made on 5 October 2012 ("Payment Date"). The aggregate of both the Interim Dividend and Final Dividend totals 6.25 cents per share, which represents a payout ratio of 30% of profit.

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

On-Market Buy Back Program and Capital Management

On 16 September 2010, the Company announced its intention to undertake an on-market share buy-back of up to 2 million RCR shares. The on-market buy-back program was subsequently extended on 23 May 2012, to acquire up to 4 million RCR shares. As at 30 June 2012, the Company had acquired 3,022,953 shares under the buy-back for a consideration of $5,459,992.

Capital Structure and Shareholder Returns

At 30 June 2012, there were 131,444,875 ordinary fully paid shares on issue, 7,227,557 options and 4,398,442 performance rights on issue. The consolidated entity achieved a 38% increase in basic earnings per share to 20.51 cents per share compared to the previous year of 14.81 cents per share.

Employees

The consolidated entity employed 2,316 employees as at 30 June 2012 (2011: 2,254).

Significant Changes in the State of Affairs

Other than as disclosed elsewhere in the Directors' Report, 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.

Deed of Cross Guarantee

The Company and a number of its wholly owned subsidiaries, which are classified as large proprietary companies under the Corporations Act 2001, continue to be parties to a Deed of Cross Guarantee ("DCG"). The effect of the DCG is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the Company's subsidiaries (who are a party to the DCG) under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries, who are a party to the DCG, have also given similar guarantees in the event that the Company is wound up.

Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

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.

Performance Rights Over Unissued Shares

Performance Rights on Issue

As at the date of this report, there are 4,968,442 (2011: 4,261,666) performance rights on issue. During the year 1,278,442 (2011: 1,911,666) performance rights were issued to eligible employees in accordance with the terms of the Company's Long-Term Incentive Plan as approved by shareholders on 18 November 2010. Since the end of the financial period 570,000 performance rights have been granted and nil forfeited or cancelled. Performance Rights have no exercise price on vesting.

Details of performance rights granted to executives as part of their remuneration are set out in the Remuneration Report.

Details of performance rights as at the date of this report are set out below:

Issuer – RCR Tomlinson Ltd Class of Securities	Number	Expiry Date
Unlisted Performance Rights	843,333	30 September 2012
Unlisted Performance Rights	25,000	9 November 2012
Unlisted Performance Rights	50,000	4 January 2013
Unlisted Performance Rights	333,333	25 January 2013
Unlisted Performance Rights	50,000	28 February 2013
Unlisted Performance Rights	25,000	22 March 2013
Unlisted Performance Rights	1,441,776	30 September 2013
Unlisted Performance Rights	1,766,666	30 September 2014
Unlisted Performance Rights	333,334	25 January 2014
Unlisted Performance Rights	100,000	30 September 2015
	4,968,442	

Performance Rights, Vested, Forfeited or Lapsed

During or since the end of the financial period 1,041,666 ordinary fully paid shares were issued for no consideration on the vesting of 1,041,666 performance rights.

During or since the end of the financial period a total of 100,000 performance rights were forfeited or cancelled in accordance with the terms of the Long-Term Incentive Plan.

Options over Unissued Shares

Options on Issue

At as at the date of this report, there are 6,627,557 (2011: 9,245,990) options on issue. 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.

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

Issuer – RCR Tomlinson Ltd Class of Securities	Number	Exercise Price	Grant Date	Expiry Date
Unlisted Employee Incentive Options	377,500	$1.20	23 Sept 2008	24 Sept 2013
Unlisted Employee Incentive Options	125,000	$1.20	26 June 2009	24 Sept 2013
Unlisted Employee Incentive Options	925,057	$0.39	17 June 2009	30 Sept 2013
Unlisted Employee Incentive Options	1,400,000	$0.39	17 June 2009	30 Sept 2014
Unlisted Employee Incentive Options	2,400,000	$0.39	17 June 2009	30 Sept 2015
Unlisted Employee Incentive Options	1,400,000	$0.39	17 June 2009	30 Sept 2016
	6,627,557			

Options Exercised, Forfeited, Cancelled or Lapsed

During or since the end of the financial period 177,500 ordinary fully paid shares were issued at $1.20 per share on the exercise of options and 1,140,990 ordinary fully paid shares were issued at $0.39 per share on the exercise of options.

During or since the end of the financial period a total of 1,299,943 options were forfeited, cancelled, expired or lapsed in accordance with the terms of the issue.

Securities Granted to Directors and Senior Management

During and since the end of the financial year, an aggregate 768,442 Performance Rights were granted to the following five highest remunerated officers of the Company and its controlled entities as part of their remuneration.

Name	Class of Security	Number	Issuing Entity
Paul Dalgleish	Performance Rights	248,186	RCR Tomlinson Ltd
Andrew Walsh	Performance Rights	70,256	RCR Tomlinson Ltd
Milos Jankovic	Performance Rights	150,000	RCR Tomlinson Ltd
Graham Salter	Performance Rights	100,000	RCR Tomlinson Ltd
Ian Gibbs	Performance Rights	50,000	RCR Tomlinson Ltd
Joe Tufilli	Performance Rights	50,000	RCR Tomlinson Ltd
Darrin Van Vlimmeren	Performance Rights	100,000	RCR Tomlinson Ltd
		768,442	

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 Company and of any related body corporate against a liability incurred by a Director or Officer to the extent permitted by the Corporations Act 2001.

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 contract of insurance.

Non-Audit Services

In accordance with the Company's External Audit 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, Deloitte Touche Tohmatsu, for audit and non-audit services provided during the financial year are set out in Note 32 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 32 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:

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

Auditors' Independence Declaration

Deloitte Touche Tohmatsu 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 65 and forms part of this report.

Remuneration Report

The Remuneration Report is set out on pages 36 to 52 and forms part of this Report.

Rounding of Amounts

The Company is a company of the kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission and dated 10 July 1998. In accordance with that Class Order, amounts in the Directors' Report and Financial Statements have been "rounded off" to the nearest $1,000, unless otherwise indicated.

Signed in Accordance with a Resolution of the Directors:

R Brown.

Roderick J M Brown
Chairman
Signed at Perth on the 22 day of August 2012

Remuneration Report (Audited)

Introduction from the Chairman of the Remuneration and Nomination Committee

Dear Shareholder,

We are pleased to present RCR's 2012 Remuneration Report (Report).

The Board is committed to ensuring that the Company's remuneration practices are properly aligned with shareholder value creation over the short and long term and work to appropriately motivate, reward and retain Directors and Executives. Importantly, our executive remuneration policy is focussed on linking Company performance with reward while taking into consideration business challenges and strategic initiatives.

Executive Remuneration Overview and Strategy

The Company's executive remuneration strategy over the past three years has been shaped around the Board's initiative, implemented in 2009, to increase the capability and calibre of the RCR executive leadership team, which began with the appointment in May 2009 of RCR's Chief Executive Officer, Dr Paul Dalgleish.

A key element to attracting the capability and calibre of the executives necessary to support Dr Dalgleish was to have a renewed remuneration strategy and framework designed to attract, retain and motivate appropriately experienced executives whilst balancing the expectations of our shareholders.

Over these past three years the Board together with Dr Dalgleish have reshaped our executive leadership team and importantly, these changes have facilitated a significant strengthening of both the breadth and depth of our senior leadership capability necessary to lead RCR's renewed strategy and business development.

In striving for these important changes to the executive leadership team and the Company's performance, the Board has structured executive remuneration to focus on the following principles:

- ensure remuneration is competitive in the relevant employment market place to attract, motivate and retain the new executive management;
- structuring fixed remuneration at a level that reflects the executive's duties and accountabilities;
- aligning 'at-risk' rewards to business outcomes which;
  - deliver value to shareholders, through dividend and capital growth; and
  - reward high performing individuals by driving a high performance culture focussed on achieving performance objectives.
- comply with applicable legal requirements and appropriate standards of governance.

Whilst the Company's performance is often influenced by market conditions, we have strived to link our remuneration principles to performance measures which contribute to growth over the long term. In doing so we have seen over the past three years the Company achieve, EPS growth of 85%, translating into a real growth in annual dividends of 150%, and a growth in total shareholder returns ("TSR") of 217.0%, and in 2012 the Company has achieved record revenue and earnings growth of 40%.

In developing our executive remuneration policy, the Board has also been mindful of the current marketplace and developed competitive remuneration packages and equity plans, which reward executives for delivering outstanding performance to shareholders. In this regard, RCR's equity plan, as approved by shareholders on 18 November 2010, has factored in equity rewards based on performance hurdles that we believe deliver superior returns for shareholders and includes retention hurdles which are necessary to retain our executives and to counter circumstances where new executives have relinquished equity-based compensation in their previous positions to move to RCR.

With the new executive leadership team now firmly in place to lead our strategic plan, the Board has commenced a review of the executive remuneration strategy to ensure that the remuneration structures put in place three years ago continue to achieve the required outcomes for shareholders whilst incentivising executives. This review is expected to be completed before the end of the year.

On behalf of the RCR Board we trust this introduction assists RCR Shareholders in better understanding our remuneration practices and we welcome your feedback.

Kevin Edwards
Chairman of the Remuneration and Nomination Committee

Remuneration Report - Introduction

The Company's Directors present the Remuneration Report prepared in accordance with section 300A of the Corporations Act 2001 for the Company and the Consolidated Entity for FY2012. The information provided in this Remuneration Report has been audited by Deloitte Touche Tohmatsu as required by section 308(3C) of the Corporations Act 2001. The Remuneration Report forms part of the Directors' Report.

This Remuneration Report outlines the remuneration strategies and arrangements for RCR's Key Management Personnel who have the authority and responsibility for planning, directing and controlling the activities of RCR. The names and position of RCR's Key Management Personnel are set out in Table 2 below.

The Remuneration Report is presented in four sections:

1.0 Remuneration – Snapshot

1.1. Remuneration Strategy

The Company's remuneration philosophy is based on providing competitive rewards that attract, motivate, reward and retain high calibre Executives and Directors to deliver superior performance aligned with the creation of shareholder value.

Executive Remuneration

RCR's executive remuneration structure for the Managing Director/CEO and Senior Executives has three components of which two components vary with performance.

- Total Fixed Remuneration ("TFR") includes base salary, superannuation contribution and other benefits such as motor vehicle and allowances. TFR is determined on the basis of the scope of the Executive's role and the individual level of knowledge, skill and experience.
- Short-Term Incentives ("STI") an 'at risk' component comprises a cash payment based on pre-defined targets based on financial, non-financial and individual performance for the year.
- Long-Term Incentives ("LTI") an 'at risk' component comprises the grant of options or performance rights, which vest if performance hurdles including, earnings per share and total shareholder returns are achieved.

Furthermore, the remuneration structure is designed so that there is an appropriate mix of fixed and variable rewards commensurate with the level of accountability for each role in the Company. Executives who have a greater ability to influence outcomes have a greater proportion of overall remuneration 'at risk'.

Director Remuneration

RCR's remuneration structure for Non Executive Directors consists of a base Directors fee plus committee fees for participation on nominated Board sub-committees. There was no increase in Directors fees during the year.

1.2 Remuneration Summary for FY2012

The following table summarises the remuneration outcomes for the Company's Key Management Personnel for FY2012. The summary is based on the actual remuneration disclosed in Tables 8 and 11 in sections 3.4 and 4.2 of this report.

Table 1 – Summary of Remuneration Outcomes for the 2012 Financial Year

Position	Not at Risk Total Fixed Remuneration	At Risk Variable Annual Reward	
		STI	LTI
Non Executive Directors	100%	0%	0%
Managing Director & CEO	37%	55%	8%
Chief Financial Officer	35%	28%	37%
Other Executives*	76%	11%	13%

* Other Executives are composed of current serving Executive and General Management Personnel. % are expressed as an average for the Executive Group.

LTI's reflect accounting values for LTI grants which may not be realised as they are dependent on company and market-based performance hurdles being met in future years.

Details on the link between remuneration principles and Company performance are contained in section 2.0 of this report.

Details on the executive remuneration structure and 'at-risk' rewards are detailed in section 3.0 of this report.

The actual remuneration received for FY2012 by the Managing Director/CEO and Senior Executive is provided in section 3.0 of this report.

Details on the actual remuneration received for FY2012 by Non Executive Directors is provided in section 4.0 of this report.

1.3 Factors Affecting Remuneration Outcomes for FY2012

Particular events and actions that impacted the Company's Remuneration structure and outcomes for FY2012 were:

- Executive Team Capability. During the year the Chief Executive Officer continued to strengthen the executive leadership team with the promotion of Milos Jankovic to Executive General Manager Resources, and the appointment of Graham Salter as Executive General Manager Energy. Mr Salter, the former Vice President of AE&E Australia Pty Ltd, joined RCR following the Company's acquisition in June 2011 of the business and assets of AE&E Australia Pty Ltd.
- Improved Company Performance and Link with Executive Remuneration. The Company completed 2012 with record revenues of $808.7 million up 33% on the previous year and record earnings per share up 38% to 20.51 cents per share. The Company has also seen its share price appreciate over the past three years from $0.60 per share to $1.79 per share, which has resulted in total shareholder returns of 217% over the past three years; outperforming a number of RCR's peers and the broader ASX 300 Index. The record earnings in FY2012 and improvements in total shareholder returns have resulted in the Managing Director & CEO and a number of Senior Executives reaching near, or at maximum 'at risk' rewards for FY2012.
- Strategic Initiatives. In November 2011, the Company was awarded its largest ever contract for $600 million to build two ore processing facilities for Fortescue Metals Group Limited delivering tier one status for both our resources and power business.
- Board Transitions and Fees. The Board appointed Mark Bethwaite as Non Executive Director in March 2012 and is well advanced with its plans to appoint another new Non Executive Director in the near future.

1.4 Key Management Personnel

RCR's Key Management Personnel (including the Directors, Executives responsible for each of the Company's four core business units and the five highest paid personnel in the Company and Group) comprise the following individuals:

Table 2 - Key Management Personnel

Name	Position	Year joined the Company	Period Covered under this Report
Non Executive Directors			
Roderick Brown	Non Executive Chairman	2005	Full financial period
Eva Skira	Non Executive Director	2008	Full financial period
Kevin Edwards	Non Executive Director	2005	Full financial period
Paul Dippie	Non Executive Director	2007	Full financial period
Mark Bethwaite	Non Executive Director	2012	27 March 2012 to 30 June 2012
Executives			
Paul Dalgleish	Managing Director & Chief Executive Officer	2009	Full financial period
Andrew Walsh	Chief Financial Officer	2010	Full financial period
Milos Jankovic	Executive General Manager – Resources	2010	Full financial period
Graham Salter	Executive General Manager - Energy	2011	Full financial period
Darrin Van Vlimmeren	General Manager – Power	2011	Full financial period
Ian Gibbs	General Manager – Mining Technologies	1989	Full financial period
Joseph Tufilli	General Manager – Mining OSR	1997	Full financial period

For the purposes of this report, the term 'Senior Executive' or 'Executive' includes the Managing Director and Chief Executive Officer, the Chief Financial Officer, Company Secretary, General Manager and other Executives reporting to the Managing Director. The term 'Director' refers to Non Executive Directors only.

1.5 Remuneration Governance

The Board oversees and is responsible for remuneration decisions. To assist the Board, governance and oversight of remuneration are delegated to the Board Remuneration and Nomination Committee.

The Remuneration and Nomination Committee has responsibility for remuneration policy and practices applicable to Non Executive Directors, the Managing Director, Chief Financial Officer and senior Executives. The Remuneration and Nomination Committee makes recommendations to the Board on the level and form of executive remuneration which they consider to reflect fair and responsible reward outcomes in light of company performance, performance of the Executive and the external remuneration market. To assist this process the Remuneration and Nomination Committee involves the Managing Director in deliberations (not involving his own employment matters), and from time to time seeks independent external advice on the appropriateness of the remuneration framework and remuneration packages available with the Company.

The role and responsibilities of the Remuneration and Nomination Committee are set out in the Remuneration and Nomination Committee Charter, which is available on the Company's website at www.rcrtom.com.au/about-us/corporate-governance. The Charter is reviewed annually and was last reviewed in March 2012. Further information on the Remuneration and Nomination Committee is provided in the Corporate Governance Statement in this Annual Report.

1.6 Use of Remuneration Consultants

The Remuneration and Nomination Committee directly engages external advisors to provide input to the process of reviewing Key Management Personnel remuneration. In August 2011, the Committee established a process for obtaining external advice in respect of Key Management Personnel. Services by external remuneration advisors are provided directly to the Remuneration and Nomination Committee and are independent of management.

In August 2011 KPMG were engaged at the direction of the Remuneration and Nomination Committee to provide market remuneration data to the Remuneration and Nomination Committee. KPMG provided market data and a recommendation in regard to the remuneration of the CEO and CFO and a recommendation on the STI award for FY2011 for both the CEO and CFO. The fee for the provision of the report was $31,800. KPMG provided a statement to the Committee that the report had been free of undue influence.

2.0 Linking Remuneration to Company Performance

2.1 Executive Remuneration Policy

RCR's Remuneration Policy aims to reward executives fairly and responsibly in accordance with the market and ensures that RCR:

- provides competitive rewards that attract, retain and motivate executives of the highest calibre;
- structures fixed remuneration at a level that reflects the executive's duties and accountabilities;
- aligns executive incentive rewards with the creation of value for shareholders;
- sets demanding levels of performance which are clearly linked to an executive's remuneration;
- benchmarks remuneration against appropriate comparator groups; and
- complies with applicable legal requirements and appropriate standards of governance.

Executive remuneration is reviewed annually having regard to individual and business performance and relative comparative information.

2.2 Link to Company Performance

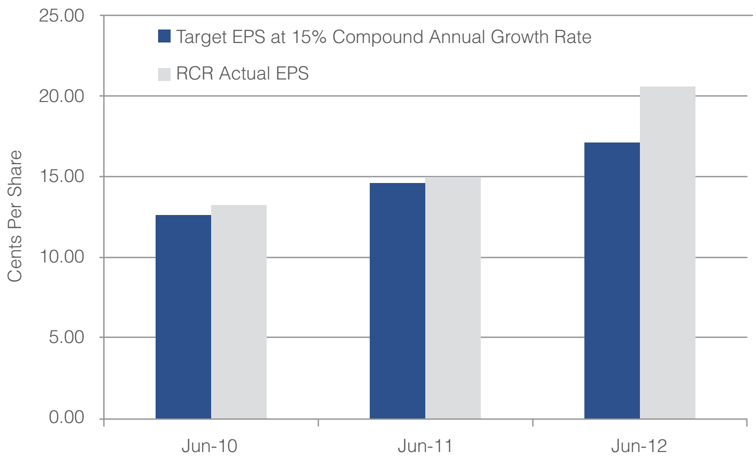
A key underlying principle of the Company's approach to executive remuneration is that 'at risk' rewards it should demonstrate strong links to the Company's performance and shareholder returns.

Both Earnings Per Share ("EPS") and Total Shareholder Returns ("TSR") are considered to be the appropriate measures of performance over the long-term as they ensure a link to shareholder value creation.

Specifically, the EPS is a measure of profitability, a direct determinant of dividends and, overall, a measure of the Company's long-term success as it contains clear links to shareholder wealth creation. Chart 1 below demonstrates how RCR's EPS has exceeded its benchmark performance hurdle of 15% compound annual growth rate ("CAGR") over each of the past three years.

Total Shareholder Returns allows the Company to benchmark itself against market performance, directly linking returns for shareholders to other competitive opportunities. Chart 2 below demonstrates how RCR's TSR, has outperformed the companies in the S&P/ASX 300 comparative index for the past three years.

Chart 1 – RCR's Actual EPS v Target EPS of 15% CAGR *



* RCR's Target EPS is based on 15% CAGR using the FY2009 EPS of 11.10 cents as the base year.

Chart 2 – RCR Total Shareholder Return compared to S&P/ASX 300 Index – 3 years

Table 3 below outlines RCR's performance over the last five years. The current Executive team has been substantially responsible for RCR's financial performance for the past three years, FY2010 through to FY2012.

Table 3 – RCR Financial Performance for the Past Five Years

Year Ended 30 June	Measure	2012	2011	2010	2009	2008
Revenue	$M	808.7	607.2	545.6	589.4	518.5
Earnings before tax, depreciation and amortisation – EBITDA	$M	51.5	39.9	31.2	34.8	40.0
Net profit before tax and interest – 'EBIT'	$M	36.3	26.1	14.5	17.7	25.0
Net profit after tax – 'NPAT'	$M	27.3	19.5	17.5	13.9	17.9
Earnings per share – 'EPS'	cents	20.5	14.8	13.3	11.1	14.7
Interim Dividend [1]	cents per share	2.0	-	-	-	-
Final Dividend [1, 2]	cents per share	4.25	3.75	3.00	2.50	5.00
Safety	LTIFR	0.65	0.78	1.11	1.93	1.91
Market capitalisation [3]	$M	235.3	215.8	109.4	75.5	87.3
Closing share price	$	1.79	1.63	0.83	0.60	0.75
Total shareholder returns – 1 year	%	13.34	102.41	35.71	(20.73)	62.21
Total shareholder returns – 3 year rolling	%	217.00	129.80	(56.59)	(68.91)	9.43

(1) Dividends are franked to 100% at 30% corporate tax rate.

(2) Dividends are declared after the end of the reporting period and are not reflected in the financial statements.

(3) During the 2012 year the Company repurchased under its on-market buy-back program 2,925,453 RCR shares at an average price of $1.82 per share for a consideration of $5,335,086.

3.0 Executive Remuneration

3.1 Dr Dalgleish - Managing Director and CEO Remuneration Structure

Dr Dalgleish was appointed Chief Executive Officer effective 25 May 2009 and subsequently Managing Director on 20 October 2011.

Dr Dalgleish's remuneration is governed by his contract of employment, which for FY2012 comprised:

- Total Fixed Remuneration of $848,000 per annum, comprises of cash salary, salary sacrifice items and allowances plus employer superannuation. Total Fixed Remuneration is reviewed annually and was last increased on 1 September 2011.
- Variable Annual 'At Risk' Rewards:
  - Short-Term Incentive component of up to 150% of Total Fixed Remuneration; and
  - Long Term Incentive component based on equity rewards approved by shareholders.

3.1.1 Short-Term Incentives

The grant of the STI award to Dr Dalgleish is determined by the Company's STI Plan.

Details on the 2012 STI payments and performance targets for Dr Dalgleish are set out in Tables 5 and 6 below.

3.1.2 Long Term Incentives - CEO Options (as approved by shareholders on 28 October 2009)

The primary long-term incentive for Dr Dalgleish, is focused on the allocation of options.

Dr Dalgleish's employment contract provided for the grant of 8,000,000 0ptions ("CEO Options") on his commencement date of 25 May 2009. These CEO Options were issued on 17 June 2009, and approved by shareholders on 28 October 2009.

The key terms include:

- The CEO Options will only vest subject to pre-defined performance hurdles. Details of performance hurdles for unvested CEO Options at 30 June 2012, are set out in Table 4 below.
- The exercise price of these 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.
- The CEO Options carry no dividend or voting rights.
- When exercisable, each CEO Option is convertible into one ordinary share.
- If Dr Dalgleish leaves the employment of the Company, then any unvested CEO Options lapse.

Since being granted of 8,000,000 CEO Options, 2,399,380 CEO Options have vested in respect of the past financial years FY2010 and FY2011 and 733,953 CEO Options have lapsed. Accordingly, at 30 June 2012, 4,866,667 CEO Options remain unvested and are subject to the performance hurdles as set out in Table 4 below.

Table 4 – Unvested CEO Options at 30 June 2012

		Performance Hurdles[1]		
Financial Year	Maximum Number of CEO Options[2,4]	Minimum EPS Hurdle (target) Based on CAGR of 15%	Maximum EPS Hurdle (stretch) Based on CAGR of 25%	Other[3]
30 June 2012	1,400,000	16.88 cents	21.68 cents	RCR's TSR from 1 July 2009 to the end of the relevant financial year end exceeding the ASX 300 Index.
30 June 2013	1,400,000	19.41 cents	27.10 cents	
30 June 2014	1,400,000	22.33 cents	33.87 cents	
30 June 2013	333,333	-	-	Upon completion of continuous employment to 31 December 2012.
30 June 2014	333,334	-	-	Upon completion of continuous employment to 31 December 2013.

1. The EPS Hurdle was set at the time of the grant. The Minimum EPS Hurdle is based on a compound annual growth rate ("CAGR") of 15% per annum ("Minimum EPS Hurdle") and the Maximum EPS Hurdle is based on a CAGR of 25% per annum ("Maximum EPS Hurdle"). The Minimum EPS Hurdle and Maximum EPS Hurdle for each of the financial years 2012, 2013 and 2014 was set by reference to a base year EPS (being, FY2009: EPS of 11.10 cents per share).
2. For each financial year 2012, 2013 and 2014, if the Minimum EPS Hurdle is achieved, then 900,000 CEO Options will vest and for each 1% by which the CAGR is over 15%, an additional 50,000 CEO Options will vest, to a maximum of 1,400,000 CEO Options.
3. As a surrogate for EPS Hurdle and TSR Hurdle, the Board of the Company has discretion to use return on equity as a measure for vesting CEO Options subject to the required performance hurdle being agreed to in writing by Dr Dalgleish.
4. Further details including the fair value of the CEO Options are set out in section 3.3 in Table 7 below.

3.1.3 CEO Options Vesting in respect of FY2012 Performance

For the 2012 financial year, RCR's earnings per share ("EPS") was up 38% to 20.51 cents compared to a Minimum EPS Hurdle of 16.88 cents and Maximum EPS Hurdle of 21.68 cents.

Furthermore, RCR's TSR, which includes share price movements and dividends, was up 217.0% for the past three years compared to the growth in the ASX 300 Index of 5.2% over the same period.

Accordingly, in respect of the Company's performance for the 2012 financial year the Board has determined at the date of this report, that 1,286,015 CEO Options will vest (92% vest) to Dr Dalgleish and 113,985 CEO Options will lapse (8% lapse) from a maximum entitlement of 1,400,000 CEO Options. These CEO Options are exercisable from 30 September 2012 at 39 cents per share and expire on 30 September 2014.

3.2 Executives Remuneration Structure

3.2.1 Total Fixed Remuneration

Executives receive a TFR which is determined by the scope of the Executive's role and the individual level of knowledge, skill and experience. The Company annually reviews 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.

3.2.2 Short-Term Incentive

STI Overview

The key features of the STI Plan are summarised in the table below:

Who is eligible to participate in STI awards ?	All Executives and certain senior managers participate in the STI Plan.
How are STI rewards set?	The STI is an annual 'at risk' cash bonus scheme. STI rewards are based on a percentage of an Executive's TFR. This percentage is determined by the Remuneration and Nomination Committee and dependant on the scope of the Executive's role and responsibilities and ability to influence outcomes.
Why performance hurdles are chosen?	STIs are used to motivate and reward for achieving annual financial and non-financial objectives that support RCR's short-term and long-term strategic goals. Financial performance hurdles are set at both target and stretch. The philosophy in setting financial hurdles is to establish thresholds that represent the desired minimum outcomes and stretch targets that are realistically achievable for exceptional performance. Target and stretch performance hurdles are based on the achievement of pre-defined levels of profit growth for the relevant performance period, as detailed in Table 5 below).
Why does the STI have a gate?	No STI payments are made if the performance gate or gates are not achieved. The gate may include a minimum level of safety and/or earnings for the Company. The Board has determined that for FY2012 a safety performance gate will apply to reflect the Company's focus on reducing incidents and injuries. Total Recordable Injury Frequency Rate ("TRIFR") is the key measure for safety performance.

Table 5 – STI Rewards as a Percentage of Total Fixed Remuneration for Managing Director and Other Executives and Performance Hurdles

	Short-Term Incentive (STI) as a percentage of TFR		Performance Hurdles[3]	
	Target[1]	Stretch[2]	Target	Stretch
MD/CEO	62.5%	150.0%	15% above the previous year NPAT	36% above the previous year NPAT
CFO	33.3%	80.0%		
Executive General Managers/General Managers	15.0%	25.0% to 45.0%	95% of Budget EBIT at the relevant business unit level	115% of Budget EBIT at the relevant business unit level

(1) Target is a performance level that represents a challenging level of performance and is based on pre-defined performance hurdles as set out in the table above.

(2) Stretch is a performance level that is clearly at the upper limit of what may be achievable and based on pre-defined performance hurdles, which exceed target performance hurdles as set out in the table above.

(3) For FY2012 a safety performance gate applied to reflect the Company's focus on reducing incidents and injuries.

STI Awards for 2012

For the 2012 financial year the 'target' performance hurdle for the MD/CEO and the CFO was at least 15% growth in Net Profit After Tax ("NPAT") on the prior year and up to 36% growth in NPAT on the prior year for a 'stretch' performance hurdle.

For other Senior Executives the 'target' and 'stretch' performance hurdles were based on Earnings Before Interest and Tax ("EBIT") based on a challenging budget factoring growth on the prior year EBIT. (Refer to table 5 above).

The Company's overall financial performance for FY2012 in terms of revenue and profitability was higher than the prior period, with NPAT increasing 40% from $19.5 million to $27.3 million and EBIT increasing 39% from $26.1 million to $36.3 million, which was supported by strong cash flows and elimination of debt. This level of financial performance resulted in the MD/CEO, CFO and a number of other Senior Executives earning STI rewards at or near 'stretch' performance hurdles.

STI payments for FY2012 reflect annual cash awards accrued but not yet paid in respect of the financial year.

Table 6 – STI awards for the MD/CEO and other Executives

Current Executives	Year	Cash Bonus Vested $	Vested %	Forfeited %
Paul Dalgleish, Managing Director & CEO	2012	1,272,000	100%	-
	2011	-	-	100%
Andrew Walsh, Chief Financial Officer	2012	469,842	100%	-
	2011	-	-	100%
Milos Jankovic, Executive General Manager Resources	2012	103,944	100%	-
	2011	36,077	60%	40%
Graham Salter, Executive General Manager Energy	2012	32,683	30%	70%
	2011	-	-	-
Ian Gibbs, General Manager Mining (Technologies)	2012	88,637	100%	-
	2011	48,716	60%	40%
Joe Tufilli, General Manager Mining (OSR)	2012	25,192	30%	70%
	2011	24,358	30%	70%
Darrin Van Vlimmeren, General Manager Power	2012	26,683	30%	70%
	2011	-	-	100%

3.2.3 Long-Term Incentives (LTI)

The Managing Director, other Executives and selected senior managers are eligible for LTI awards under the Company's Long Term Incentive Plan ("LTI Plan"), as approved by shareholders.

The LTI awards are aimed specifically at creating long-term shareholder value and the retention of Executives and selected senior managers.

Long Term Incentive Plan (as approved by shareholders on 18 November 2010)

The primary long-term incentive for the Executives (other than the MD/CEO) is focused on the allocation of Performance Rights.

In accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the Board has sought and received shareholder approval on 18 November 2010, for the adoption of the Long Term Incentive Plan ("LTI Plan").

LTI awards are made annually and on the appointment of new Executives and generally vest over a three year period subject to pre-defined performance hurdles (as detailed below).

Details on the number of Performance Rights unvested at 30 June 2012, issued in accordance with the LTI Plan are set out elsewhere in the Director's Report and details on the number of Performance Rights unvested to Executives are provided in Table 7 in Section 3.3.3.

LTI Plan Structure

The key features of the LTI Plan are summarised as follows:

What Securities Are Offered ?	Performance Rights are granted over ordinary fully paid shares. Each Performance Right represents a right to acquire one share in the Company, subject to the terms of the LTI Plan. No monetary consideration is payable by an eligible employee for an award of Performance Rights, nor will any amount be payable to acquire a share on vesting of a Performance Right. The Company may satisfy its obligation to provide a share on vesting of a Performance Right by either issuing new RCR shares or transferring (or procuring the transfer of) RCR shares to the employee.
What are the performance hurdles?	Generally, Performance Rights are granted three years in advance of the performance hurdle. Performance Rights are generally granted in two tranches. Tranche 1 relates to performance with vesting of LTI awards conditional on the satisfaction of the Company achieving; • a pre-defined Earnings Per Share Hurdle ("EPS Hurdle"), based on a challenging compound annual growth rate (currently a 15% CAGR referenced to the EPS for FY2009); and • a Total Shareholder Return Hurdle of RCR's TSR compared to the growth in the S&P/ASX 300 Index over the relevant performance period ("TSR Hurdle"). Tranche 2 relates to retention with vesting of LTI awards conditional on the satisfaction of a continuous service hurdle, in which the Executive must satisfy a pre-defined period of continuous employment with the Company. These LTI awards are made to secure the services of the Executive and where applicable provide a retention mechanism.
Is there re-testing of performance hurdles?	No, where the performance hurdles are not achieved the Performance Rights lapse. Accordingly, there is no re-testing mechanism.
Why performance hurdles are chosen?	EPS Hurdle and TSR Hurdle are the basis for the performance hurdles as they ensure a link to shareholder value creation and are considered to be the appropriate measures over the long-term. Specifically, the EPS Hurdle is a measure of profitability, a direct determinant of dividends and, overall, a measure of the Company's long-term success as it contains clear links to shareholder wealth creation. The TSR Hurdle allows the Company to benchmark itself against market performance, directly linking executive reward to delivering competitive returns for shareholders.

Why is there a continuous service performance hurdle in some cases	The Board recognises that given its initiative to attract new Executives, and the cyclical nature of the diverse sectors in which the Company operates, that a performance hurdle based on continuous service is also appropriate. This is because the Board believes that the value of certain strategic initiatives may take three to five years to be realised as is the case with large diverse engineering companies which are reliant on the timing of large scale resource and infrastructure projects.
No Hedging of LTIs	As part of the Company's Securities 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.
When do LTI's Vest?	A Performance Right held by a Participant will vest: • if the relevant Performance Hurdles have been satisfied; or • in certain circumstances the Board may allow early vesting of all or part, as a result of a change of control event such as a takeover bid or scheme or otherwise.
Is there a real risk of Forfeiture?	A Performance Right granted will lapse: • if the performance hurdles attaching to the Performance Right have not been satisfied; • if the employee leaves the Company due to resignation or dismissal, unless the Board in its absolute discretion determines otherwise; • if the Board determines (in its absolute discretion) that the employee has acted fraudulently or dishonestly or is in material breach of their obligations under the LTI Plan or to the Company, unless the Board in its absolute discretion determines otherwise; and • if the employee purports to transfer, mortgage, charge or otherwise dispose of any right or interest in a Performance Right other than in accordance with the terms of the LTI Plan.

General Employee Share Option Plan (as approved by shareholders on 29 November 2006 and 28 October 2009)

In 2006, RCR introduced an Employee Share Option Plan, which was available to Executives and other selected employees. In November 2009, RCR suspended the Employee Share Option Plan following legislative taxation changes impacting employee share plans.

At the date of this report, a total of 502,500 Employee Options, which are fully vested, remain on issue.

Details on the Employee Options are set out elsewhere in the Directors' Report and Financial Statements.

3.3 Movement in Long-Term Incentives

Details of unvested CEO Options and unvested Performance Rights held by the MD/CEO and other Senior Executives and movement during the year are detailed in Table 7.

3.3.1 LTI Awards – Granted During the Year

During the 2012 financial year 960,000 (2011: 1,911,666) Performance Rights were granted to Executives and other senior managers participating in the LTI Plan.

Performance Hurdles for future years are determined by the Board as appropriate and will be disclosed on vesting of LTI awards at the end of the relevant performance period.

A further 248,186 Performance Rights were granted to Dr Dalgleish and 70,256 Performance Rights were granted to Mr Walsh on 24 August 2011. As disclosed in the FY2011 Remuneration Report, these Performance Rights were granted as a special retention award to recognise the CEO's and CFO's contributions during FY2011 to establish an excellent foundation from which to build on the continued growth and success of the Company. The Board believes that the CEO and CFO are important to the ongoing growth of the Company. The Performance Rights vest on 30 September 2013 subject to continuous service.

The fair value of the Performance Rights granted to Executives during the year was based on a Binomial option price calculation method and is disclosed in Table 7. In determining the dollar value of the Performance Rights, the assumptions made are detailed in Note 27 of the financial report.

3.3.2 LTI Awards – Vested and Lapsed During the Year in Respect of Prior Period (FY11) Performance

The movement in CEO Options and Performance Rights vested and lapsed during the year, comprises:

- 925,057 CEO Options vested and 474,943 CEO Options lapsed (from a maximum of 1,400,000 CEO Options) to Dr Dalgleish in respect of the prior year (FY2011) performance hurdles;
- 333,333 CEO Options vested to Dr Dalgleish for continuous service for the period 25 May 2009 to 31 December 2011;
- 558,333 Performance Rights which vested to Executives (excluding the MD/CEO) and other senior managers participating in the LTI Plan in respect of the prior year (FY2011) performance hurdles;
- 433,333 Performance Rights vested to Executives and other senior manager participating in the LTI Plan in respect of continuous service; and
- 100,000 Performance Rights lapsed under the terms of the LTI Plan.

Details on the performance hurdles for vested CEO Options and Performance Rights were disclosed in the Company's FY2011 Remuneration Report and further details are set out in Table 7.

3.3.3 LTI Awards – Vesting in Respect of FY2012 Performance

Since the end of the financial year the Remuneration and Nomination Committee has determined, at the date of this report, that in respect of the Company's performance for the 2012 financial year, that 843,333 Performance Rights (100% vesting) will vest to Executives and other senior managers participating in the LTI Plan.

Vesting of these performance rights was subject to pre-defined EPS Hurdle and TSR Hurdle. For the 2012 financial year the Company's EPS was 20.51 cents per share compared to the target EPS Hurdle of 16.88 cents per share. Whilst, RCR's TSR, was up 217.0% for the past three years compared to the ASX 300 Index of 5.2%.

Refer to section 3.1.3 for details of Options vesting to the MD/CEO, in respect of performance for the 2012 financial year.

These Performance Rights and CEO Options will vest to Executives in the 2013 financial year.

Table 7- Details of movement of unvested CEO Options and Performance Rights held during the year by the MD/CEO and Other Executives.

Name	Type	Allocation Date	Vesting Date	Balance of Unvested Equity Awards as at 1 July 2011	Granted		Vested		Lapsed		Balance of Unvested Equity Awards as at 30 June 2012	Share-Based Payments Expense FY2012	Fair Value Per Security
					(A)	(A)	(B)	(B)	(C)	(C)	(E)	(D)	(A)
				Number	Number	$	Number	$	Number	$	Number	$	$
Paul Dalgleish	CEO Options	25 May 09	30 Sept 11	1,400,000	-	-	(925,057)	(888,055)	(474,943)	(455,945)	-	6,087	0.04
	CEO Options	25 May 09	30 Sept 12	1,400,000	-	-	-	-	-	-	1,400,000	11,068	0.03
	CEO Options	25 May 09	30 Sept 13	1,400,000	-	-	-	-	-	-	1,400,000	4,765	0.01
	CEO Options	25 May 09	30 Sept 14	1,400,000	-	-	-	-	-	-	1,400,000	1,932	0.01
	CEO Options	25 May 09	31 Dec 11	333,333	-	-	(333,333)	(413,333)	-	-	-	6,858	0.11
	CEO Options	25 May 09	31 Dec 12	333,333	-	-	-	-	-	-	333,333	8,131	0.09
	CEO Options	25 May 09	31 Dec 13	334,334	-	-	-	-	-	-	334,334	5,072	0.07
	Rights	13 Sept 11	30 Sept 13	-	248,186	357,388	-	-	-	-	248,186	139,037	1.44
Andrew Walsh	Rights	25 Jan 10	30 Sept 11	333,333	-	-	(333,333)	(450,000)	-	-	-	31,517	0.63
	Rights	25 Jan 10	25 Jan 12	333,333	-	-	(333,333)	(536,666)	-	-	-	93,430	0.98
	Rights	25 Jan 10	30 Sept 12	333,333	-	-	-	-	-	-	333,333	81,001	0.65
	Rights	25 Jan 10	25 Jan 13	333,333	-	-	-	-	-	-	333,333	105,748	0.95
	Rights	25 Jan 10	30 Sept 13	233,334	-	-	-	-	-	-	233,334	43,208	0.68
	Rights	25 Jan 10	25 Jan 14	333,334	-	-	-	-	-	-	333,334	76,991	0.92
	Rights	17 Sept 10	30 Sept 14	666,666	-	-	-	-	-	-	666,666	155,756	0.94
	Rights	13 Sept 11	30 Sept 13	-	70,256	101,169	-	-	-	-	70,256	39,358	1.44
Milos Jankovic	Rights	22 Oct 10	30 Sept 12	50,000	-	-	-	-	-	-	50,000	28,263	1.10
	Rights	22 Oct 10	30 Sept 13	50,000	-	-	-	-	-	-	50,000	18,658	1.10
	Rights	9 May 12	30 Sept 13	-	50,000	73,500	-	-	-	-	50,000	7,509	0.98
	Rights	9 May 12	30 Sept 14	-	100,000	150,000	-	-	-	-	100,000	8,924	2.00
Graham Salter	Rights	27 May 11	30 Sept 12	100,000	-	-	-	-	-	-	100,000	101,915	1.37
	Rights	27 May 11	30 Sept 13	100,000	-	-	-	-	-	-	100,000	58,295	1.37
	Rights	9 May 12	30 Sept 14	-	100,000	150,000	-	-	-	-	100,000	8,924	1.50

Name	Type	Allocation Date	Vesting Date	Balance of Unvested Equity Awards as at 1 July 2011	Granted		Vested		Lapsed		Balance of Unvested Equity Awards as at 30 June 2012	Share-Based Payments Expense FY2012	Fair Value Per Security
					(A)	(A)	(B)	(B)	(C)	(C)	(E)	(D)	(A)
				Number	Number	$	Number	$	Number	$	$	$	$
Ian Gibbs	Rights	6 May 10	30 Sept 11	25,000	-	-	(25,000)	(33,750)	-	-	-	2,695	0.60
	Rights	6 May 10	4 Jan 12	25,000	-	-	(25,000)	(33,000)	-	-	-	7,282	0.94
	Rights	6 May 10	30 Sept 12	25,000	-	-	-	-	-	-	25,000	6,357	0.61
	Rights	6 May 10	4 Jan 13	25,000	-	-	-	-	-	-	25,000	8,586	0.91
	Rights	17 Sept 10	30 Sept 13	50,000	-	-	-	-	-	-	50,000	15,889	0.97
	Rights	9 May 12	30 Sept 14	-	50,000	75,000	-	-	-	-	50,000	4,462	1.50
Joe Tufilli	Rights	6 May 10	30 Sept 11	25,000	-	-	(25,000)	(33,750)	-	-	-	2,695	0.60
	Rights	6 May 10	4 Jan 12	25,000	-	-	(25,000)	(33,000)	-	-	-	7,282	0.94
	Rights	6 May 10	30 Sept 12	25,000	-	-	-	-	-	-	25,000	6,357	0.61
	Rights	6 May 10	4 Jan 13	25,000	-	-	-	-	-	-	25,000	8,586	0.91
	Rights	17 Sept 10	30 Sept 13	50,000	-	-	-	-	-	-	50,000	15,889	0.97
	Rights	9 May 12	30 Sept 14	-	50,000	75,000	-	-	-	-	50,000	4,462	1.50
Darrin Van Vlimmeren	Rights	9 May 12	30 Sept 13	-	50,000	73,500	-	-	-	-	50,000	7,509	1.47
	Rights	9 May 12	30 Sept 14	-	50,000	75,000	-	-	-	-	50,000	4,462	1.50

(A) Granted - As detailed in 3.3.1 above. The fair value of Performance Rights (Rights) granted during the year has been calculated by an independent third party using a Black-Scholes option pricing technique or binomial valuation analysis.

(B) Vested - As detailed in section 3.3.2 above - LTI Awards Vested and Lapsed During the Year in Respect of Prior Period (FY2011) Performance. CEO Options and Performance Rights vested (to Named Executives above) during the year, comprises:

- 925,057 CEO Options vested on 30 September 2011 to Dr Dalgleish in respect of the prior year (FY2011) performance hurdles;
- 333,333 CEO Options vested on 31 December 2011 to Dr Dalgleish for continuous service;
- 383,333 Performance Rights which vested on 30 September 2011 to Executives above (excluding the MD/CEO) in respect of the prior year (FY2011) performance hurdles;
- 383,333 Performance Rights vested to Executives above for continuous service;

The value of vested CEO Options and Performance Rights is calculated per option or right as the five day volume weighted average prices of RCR shares on ASX on the date of vesting/exercise less the exercise price (if applicable).

Details on CEO Options and Performance Rights vesting subsequent to the end of the financial year and in respect of performance for FY2012, are set out in section 3.3.3 above.

(C) Lapsed - As detailed in section 3.3.2 above - LTI Awards Vested and Lapsed During the Year in Respect of Prior Period (FY2011) Performance. The value of lapsed CEO Options is calculated per option as the five day volume weighted average prices of RCR shares on ASX on the date of vesting/exercise less the exercise price of $0.39 per share.

(D) Share-Based Payments Expense - In accordance with the requirements of AASB 2 Share-Based Payments, the fair value of CEO Options and Performance Rights as at the date of grant has been determined by applying a Black-Scholes option pricing technique or binomial valuation. The fair value of CEO Options and Performance Rights is amortised over the vesting period such that "total remuneration' includes a proportion of the fair value of unvested equity compensation during the year. The amount included in remuneration is not related to or indicative of the benefit (if any) that individual Executives may ultimately realise should these securities vest.

(E) Balance of Unvested Equity Awards - The estimated minimum value of performance rights yet to vest is nil and the maximum value is the number of rights multiplied by the last sale price of RCR Shares at 30 June 2012 of $1.79, the exercise price (if applicable). CEO Options have an exercise price of $0.39 per share and there is no exercise price payable on Performance Rights.

3.4 Executive Remuneration Outcomes for the 2012 Financial Year

Details on the nature and amount of remuneration of the Managing Director/CEO and other Executives for the year ended 30 June 2012 are as follows.

Table 8 – Remuneration of MD/CEO and Senior Executives

		Short –Term			Post Employment		Long-Term	Share Based Payment		
	Year	Salary, fees and allowance $	Non-monetary $	STI Incentive Plan $	Super $	Retire-ment Benefits $	Long service leave $	LTI Incentive Plan $	Total $	Perfor-mance Related %
Notes in this Report			(a)	(b),Table 6				(c),Table 7		
Current Executives										
Paul Dalgleish, Managing Director & CEO	2012	842,161	4,708	1,272,000	15,912	-	-	182,950	2,317,731	62.8
	2011	793,411	5,814	-	15,366	-	-	83,936	898,527	9.3
Andrew Walsh, Chief Financial Officer	2012	572,791	4,708	469,842	15,911	-	-	627,010	1,690,262	64.9
	2011	550,411	5,814	-	15,366	-	-	738,620	1,310,211	56.4
Graham Salter, Exec. General Manager Energy	2012	439,405	-	32,683	16,625	-	-	169,134	657,847	30.7
	2011	30,769	-	-	1,213	-	-	14,883	46,865	31.8
Milos Jankovic, Exec. General Manager Resources	2012	376,386	4,708	103,944	16,078	-	-	63,354	564,470	29.6
	2011	255,686	5,814	36,077	15,199	-	-	32,178	344,954	19.8
Ian Gibbs, General Manager Mining (technologies)	2012	359,113	3,861	88,637	15,619	-	-	45,271	512,501	26.1
	2011	299,109	7,145	48,716	14,544	-	-	53,083	422,597	24.1
Joe Tufilli, General Manager Mining (OSR)	2012	325,756	21,227	25,192	16,349	-	-	45,271	433,795	16.2
	2011	311,018	19,217	24,358	18,239	-	-	52,746	425,578	18.1
Darrin Van Vlimmeren, General Manager Power	2012	315,387	4,708	26,683	15,826	-	-	11,971	374,575	10.3
	2011	98,076	2,375	-	8,647	-	-	-	109,098	-
Alan Nightingale, General Manager Energy Service & Laser (d)	2012	-	-	-	-	-	-	-	-	-
	2011	538,529	-	-	10,624	-	-	100,209	649,362	15.4
Former Executive										
John Noordhoek, Former CEO and General Manager	2012	-	-	-	-	-	-	-	-	-
	2011	347,245	3,040	-	10,925	1,025,000	286,026	-	1,672,236	-
Total	2012	3,230,999	43,920	2,018,981	112,320	-	-	1,144,961	6,551,181	48.3
	2011	3,224,254	49,219	109,151	110,123	1,025,000	286,026	1,075,655	5,879,428	20.2

(a) Non-Monetary benefits – reflects the value of allowance and benefits including but not limited to travel, motor vehicle and car parking.

(b) STI - amounts are in respect of the 2012 financial period and are accrued entitlements which will be paid in September 2012. Refer to section 3.2.2 and Table 6 above.

(c) Share Based payments – incorporates all equity based plans. In accordance with the requirements of AASB 2 Share Based Payments, the fair value of rights or options as at their grant date has been determined by applying the Black-Scholes option pricing technique or binomial valuation method. The fair value of rights or options is amortised over the vesting period, such that Total Remuneration includes a portion of the fair value of unvested equity compensation during the year. The amount is not indicative of the benefit (if any) that individuals may ultimately realise should these equity securities vest. Refer to table 7 in section 3.3.3 above.

(d) Alan Nightingale is currently General Manager, Energy Services and Laser, reporting to Graham Salter, Executive General Manager Energy and therefore his remuneration is not required to be disclosed for FY2012.

3.5 Executives Service Contracts

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

A summary of the key contractual provisions for each of the current Executive personnel is set out in Table 9 below.

Table 9 – Key Contractual Provisions for Executives

Executive Name and job title	Employing company	Contract duration	Notice period company	Notice period employee	Termination provision
Paul Dalgleish Managing Director & CEO	RCR Tomlinson Ltd and RCR Corporate Pty Ltd	No fixed term	12 months	6 months	12 months termination payment and accrued leave entitlements.
Andrew Walsh CFO	RCR Corporate Pty Ltd	No fixed term	12 months	12 months	12 months termination payment and accrued leave entitlements.
Milos Jankovic, Executive General Manager Resources	RCR Resources Pty Ltd	No fixed term	6 months	6 months	6 months termination payment and accrued leave entitlements.
Graham Salter Executive General Manager Energy	RCR Energy Pty Ltd	No fixed term	6 months	6 months	6 months termination payment and accrued leave entitlements.
Ian Gibbs General Manager Mining Technology	RCR Mining Pty Ltd	No fixed term	6 months	6 months	6 months termination payment and accrued leave entitlements.
Joe Tufilli General Manager Mining OSR	RCR Mining Pty Ltd	No fixed term	6 months	6 months	6 months termination payment and accrued leave entitlements.
Darrin Van Vlimmeren General Manager Power	RCR Power Pty Ltd	No fixed term	3 months	3 months	3 months termination payment and accrued leave entitlements.

4.0 Non Executive Directors' Remuneration

4.1 Non Executive Directors Remuneration Structure and Fee Pool

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. Non Executive Directors' fees are determined within an aggregated Directors' fee pool limit of $800,000, which was approved by shareholders at the 2010 Annual General Meeting.

Details on the structure of Directors fees during the reporting period are set out in Table 10 below. There was no increase in Board and committee fees for FY2012.

Table 10 – Annual Board and Committee Fees Payable to Non-Executive Directors

Position	Board $	Audit & Risk Committee $	Remuneration & Nomination Committee $
Chairman of the Board	170,000	-	-
Non Executive Director	85,000	-	-
Committee Chairman	-	24,000	12,000
Committee Member	-	12,000	6,000

No retirement benefits are paid other than the statutory superannuation contributions of 9% required under Australian superannuation guarantee legislation. Board and committee fees amounts are inclusive of statutory superannuation contributions.

4.2 Non-Executive Directors Remuneration for the 2012 Financial Year

Details on the nature and amount of remuneration of RCR's Non Executive Directors for the year ended 30 June 2012 are out in Table 11.

Table 11 – Remuneration of Non Executive Directors

		Short-Term		Post Employment	
Non Executive Directors	Year	Base Fees $	Other $	Superannuation $	Total $
Roderick Brown, Chairman	2012	161,372	-	15,905	177,277
	2011	143,711	75,000	10,767	229,478
Eva Skira, Non Executive Director	2012	100,369	-	9,050	109,419
	2011	96,500	-	-	96,500
Kevin Edwards, Non Executive Director	2012	99,966	-	9,014	108,980
	2011	87,857	-	7,559	95,416
Paul Dippie, Non Executive Director	2012	91,000	-	-	91,000
	2011	72,500	4,463	-	76,963
Mark Bethwaite, Non Executive Director (commenced 27 March 2012)	2012	22,741	-	2,061	24,802
	2011	-	-	-	-
The late, Jeffrey Hogan, Non Executive Director (deceased 8 December 2010)	2012	-	-	-	-
	2011	25,405	-	524	25,929
Charlie Birmingham, Non Executive Director (retired 18 November 2010)	2012	-		-	-
	2011	27,337	-	2,158	29,495
Total	2012	475,448	-	36,030	511,478
	2011	453,310	79,463	21,008	553,781

Statement on Corporate Governance at RCR

This statement reports on RCR's key governance framework, principles and practices as at 30 June 2012. 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 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 Corporate Governance

The Company is committed to implementing the highest practical standards of corporate governance.

RCR's corporate governance practices were in place throughout the year ended 30 June 2012 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 63 to 64 of this report and published on the Company's website at www.rcrtom.com.au/index.php/about-us/corporate-governance

1. The Board of Directors

1.1. Board Role and Management

ASX CGC Recommendations 1.1, 1.3

The Constitution provides that the business and affairs of the Company are to be managed by or under the direction of the Board.

The Board has approved a formal Board Charter which details the Board's role, powers duties and functions. The Board Charter also defines in detail the matters that are reserved for the Board and its committees, and those that the Board has delegated to the CEO who is accountable to the Board.

The Board Charter and the Delegation of Authority ("DOA") to the CEO and other management is reviewed regularly. During the year the Board updated the DOA following the appointment of Dr Dalgleish to the Board as Managing Director.

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

1.2. Responsibilities of the Board

ASX CGC Recommendations 1.1

The central role of the Board is to set the Company's strategic direction, to select and appoint a CEO, to oversee the Company's management and business activities, and report to shareholders.

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

- strategy - approving strategic plans and initiatives, including acquisitions and disposal or cessation of any significant business of the Company;
- board composition – determining the size and composition of the Board as well as recommending to shareholders the appointment and removal of directors;
- leadership selection – the appointment of the CEO, CFO and Company Secretary. Evaluating the performance of the CEO and approving the remuneration and conditions of service for the CEO, CFO, Company Secretary and those executives reporting directly to the CEO;
- shareholders equity - authorising the issue of shares, options equity instruments or other securities, declaration of any dividends, and the implementation of any capital return or buy back program;
- operational budgets – approving RCR's annual operating budget;
- borrowings – authorising borrowings and the grant of security over undertakings of the Company or any of its assets;
- financial reports to shareholders – approving annual and half-year reports and significant a 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 – approval of the Company's risk management policy; approving major tenders/contracts above the CEO's delegation of authority and; authorising expenditure which exceeds the CEO's delegated authority levels; and
- policies – on the recommendation of the CEO approving policies of general Company-Wide or general application.

1.3. Board Composition

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 consists of five independent Non Executive Directors and the Managing Director. The Company's Constitution provides that the maximum number of directors must be no more than seven and no less than three (including the Managing Director).

Details on each of the directors' backgrounds including experience, knowledge, skills and their status as an independent or non-independent director are set out on pages 3 to 5 of this 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 CEO should not be filled by the same person;
- the CEO should be a full-time employee of the Company;
- the majority of the Board should comprised Directors who are both non executive and independent; and
- the Board should comprised a broad range of qualifications, diversity, experience and expertise.

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

1.4. 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.

The Chairman's responsibilities are set out in more detail in the Terms of Reference for the Chairman.

Mr Brown was appointed as Non Executive Chairman in January 2008. Mr Brown is also Chairman of Immersive Technologies Pty Ltd. The Board considers that neither his role as Chairman of Immersive Technologies, 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.

1.5. 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.

During the year the Board completed a review of independence of Directors and determined that all Non Executive Directors are independent. Dr Dalgleish, due to his executive role as Managing Director, is not regarded as independent.

1.6. Managing Director

During the year the Board appointed the Chief Executive Officer, Dr Dalgleish to the Board as Managing Director. Dr Dalgleish is the only executive Director on the RCR Board.

The Managing Director is appointed by the Board under the Company's Constitution and is responsible to the Board for directing and promoting the profitable operation and development of the Company consistent with the primary objective of enhancing long-term shareholder value.

The Managing Director and Chief Executive Officer's responsibilities are set out in more detail in the Terms of Reference for the CEO.

1.7. Board Renewal and 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.

During the year the Board undertook an extensive search for Non Executive Directors with the assistance of an independent professional consultant. As a result of this process, the Board appointed Mr Mark Bethwaite as an Independent Non Executive Director to fill a casual vacancy. Mr Bethwaite will seek election as a Non Executive Director at the Company's Annual General Meeting in 2012.

The appointment of Directors is governed by the Company's Constitution, the Board Charter and the Remuneration and Nomination Committee Charter.

Directors are generally appointed for a term of three years. Retiring Directors are not automatically re-appointed. Any Director who retires at the end of their term, may offer themselves for re-election by shareholders at the next annual general meeting.

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.

1.8. Directors' 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.

1.9. Board Performance Evaluation

ASX CGC Recommendations 2.5 and 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.

1.10. Board Access to Independent 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.

1.11. Board Meetings

During the year the Board held twelve Board meetings. In addition site visits occurred throughout the year and a strategic planning session was held in conjunction with the October Board meeting.

Details on Directors' attendance at Board meetings and Board committee meetings are set out in the Director's Report.

The Chairman, in conjunction with the CEO and the Company Secretary, sets the agenda for each meeting. Any director may request additional matters be added to the agenda. The CFO and Company Secretary attend meetings of the Board by invitation. Other members of the senior executive team attend Board meetings by invitation.

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.

1.12. 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.

The Board has approved a policy on Code of Conduct for Directors, a copy of which is available in the corporate governance section of RCR's website.

1.13. Company Secretary

The Company Secretary is Mr Darryl Edwards, who is a qualified company secretary and fellow member of the Institute of Chartered Secretaries Australia (FCIS/FCSA). Mr Edwards joined RCR in November 2009 and has responsibilities for 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

2.1. Board Committees and Membership

ASX CGC Recommendations 2.4,2.6,4.1,4.2,4.3,4.4,8.1,8.2 and 8.4

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

Board of Directors	
Audit & Risk Committee	Monitors the financial reporting process, and external audit functions. It oversees the management of risks and the development of corporate governance principles.
Remuneration & Nominations Committee	Assists the Board in considering remuneration policies, practices and decisions. Ensures the Board and the CEO have the necessary range of skills, expertise and experience to further corporate objectives.
Takeover Response Committee	Assists the Board to manage and prepare for any unsolicited takeover response

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

Each Committee has a charter, detailing its membership, role, responsibilities and powers where conferred on a committee by the Board. Committee charters are reviewed regularly and updated as required. Prior to the commencement of each year the committees set an annual agenda for the coming year with reference to the committee charter and other issues the committee members or Board considers appropriate for consideration by the committee.

Each committee charter is available in the corporate governance section of RCR's website.

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
Paul Dippie	Mark Bethwaite	Paul Dalgleish

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.

2.2. Audit and Risk Committee

ASX CGC Recommendations 4.1, 4.2, 4.3, 4.4 and 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, 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 to 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 Non Executive director.

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

During the year the Audit & Risk Committee Charter was updated to include oversight of the internal audit function, which is outsourced to Ernst & Young.

2.3. Remuneration and Nomination Committee

ASX CGC Recommendations 2.4, 2.6, 8.1, 8.2 and 8.4

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 key responsibilities include:

- reviewing Board and CEO performance and succession plans;
- reviewing the Company's remuneration framework and policy, which is used to attract, retain and motivate Directors and executives to achieve operational excellence and create value for shareholders;
- reviewing incentive schemes for executives, to establish rewards, which are fair and responsible, having regard to the Company's strategic goals, individual performance and general remuneration conditions;
- approving the annual remuneration report; and
- approving the Company's Diversity Policy.

The Remuneration and Nomination Committee is required under ASX Principles to have a minimum of three members and be mostly comprised of Independent Non Executive Directors.

During the year the Remuneration and Nomination Committee comprised only two Non Executive Directors, however following the appointment of Non Executive Director, Mark Berthwaite on 27 March 2012 who was also appointed as a member of the Remuneration and Nomination Committee the membership increased to three.

The Committee meets at least two times per year. The Managing Director and Company Secretary attend Committee meetings by invitation. For further information in relation to the remuneration of Directors and Executives, refer to the Remuneration Report.

2.4. 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. Shareholders

3.1. Shareholder Communication

ASX CGC Recommendations 6.1 and 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. All relevant company information, including the Company's Annual Report is published in the Investors and Media 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.

3.2. 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 issued by RCR.

RCR's Continuous Disclosure Policy reinforces RCR's commitment to ASX continuous disclosure requirements and outlines 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.

4. Promoting Ethical and Responsible Behaviour

4.1. Health, Safety and the Environment

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, New Zealand and Malaysia. 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 aspects of safety management at RCR's operations.

RCR's HSE systems are regularly under 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.

4.2. Codes of Conduct and Whistleblower Policies

ASX CGC Recommendations 3.1 and 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's 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.

During the year, the Company formalised its Whistleblower Policy. RCR's Whistleblower Policy documents RCR's commitment to maintaining an open working environment in which employees are able to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.

4.3. Securities Trading Policy

ASX CGC Recommendations 8.4

During the year the Company's Securities Trading Policy was updated and remains in compliance with ASX Listing Rule requirements.

RCR's Securities Trading Policy is binding on all Directors and employees. The 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 prohibits Directors and employees from dealing in the Company's securities when they are in possession of 'price sensitive information' that is not generally available to the share market. It also prohibits dealings by Directors and certain restricted employees during 'black-out' periods, including the periods between the end of the financial half-year and the announcement of the half-year results and the end of the financial full-year and the announcement of the full-year results.

Directors and the CEO are required to seek the approval of the Chairman before dealing in Company Securities or entering into any financial arrangement by which RCR securities are used as collateral. In the case of the Chairman, the approval from two Directors is required before dealing in Company securities. Restricted employees are required to seek approval of the CEO before dealing in Company Securities or entering into any financial arrangement by which RCR securities are used as collateral.

Directors and restricted employees must also give the Company Secretary notice of trading within two business days after the dealing.

Any dealing in RCR securities by Directors (including the Managing Director) is notified to the ASX within five business days of the dealing.

It is a condition of the Securities Trading Policy that Directors and employees participating in an equity-based incentive plan, are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any person the risk of any fluctuation in the value of unvested entitlements in RCR securities. This prohibition is also contained in the Rules of the Long Term Incentive Plan.

During the year the Company's Securities Trading Policy was updated to ensure it met ASX Listing Rule requirements.

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

5. Risk Management and Internal Control

5.1. Approach to Risk Management

ASX CGC Recommendations 7.1 and 7.4

The Board and management recognise that risk management and internal compliance and control are key elements of good corporate governance.

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.

During the year the Audit & Risk Committee completed a review of the Company's Risk Management policy commensurate with the Company's strategic plan and operational activities approved during the year.

A copy of the Company's Risk Management Policy is available in the corporate governance section of RCR's website.

5.2. Risk Management Roles and Responsibilities

ASX CGC Recommendations 7.2 and 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 Projects 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 processes and procedures to identify risks and mitigation strategies in RCR's activities.

5.3. Internal Audit

During the year the Company under the brief of the Audit & Risk Committee implemented an Internal Audit assurance process aimed at ensuring that the design and operation of RCR's risk management and internal control system is effective.

The Audit & Risk Committee oversees and monitors Internal Audit activities and reviews internal Audit's activities and reports. It also approves the internal audit programs and receives reports from the Internal Auditor concerning the effectiveness of internal controls. The Audit & Risk Committee has approved the appointment of Ernst & Young to perform Internal Audit functions. Internal Audit and External Audit are separate and independent of each other.

5.4. CEO and CFO Assurance on Corporate Reporting

ASX CGC Recommendations 7.3 and 7.4

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

The CEO and CFO 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 that the integrity of the company's financial statements and notes to the financial statements is founded on a sound system of risk management, 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.

6. External Audit

6.1. External Auditor Relationship

ASX CGC Recommendation 4.4

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 shareholders' interests.

The Board has adopted an External Auditor Policy which covers the terms of appointment of RCR's external auditor. The policy includes 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").

Furthermore, in accordance with the External Auditor Policy, it 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.

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.

6.2. 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.

7. Diversity

New ASX CGC Recommendations 3.2,3.3,3.4 and 3.5

The Company recognises that a diverse workforce can be a reflection of the quality and skills of our people. To this end, RCR encourages diversity, including diversity by gender, race and geographical location.

The Company has established a Diversity Policy and is committed to ensuring the Company builds a diverse workforce and improves the level of gender diversity at all levels of the Company.

During the year the percentage of women across the organisation remained constant at 12% of the Company's workforce. Women are represented at all levels in the organisation, with women filling one position on the Board and two positions on the Executive Leadership team, being the Corporate Counsel, Ms Kym Low and Corporate HR Manager, Ms Charmaine Higgins.

Proportionally, a significant number of RCR's workforce are blue collar employees with qualifications in trades such as, boilermaking, welding, fitters, machinists, mechanical fitters, electricians and trades assistants. The number of qualified female tradespersons in these areas is low across the industry, and this is representative of the gender balance of the Company's workforce and industry as a whole.

For the 2012 year there were no measurable objectives on diversity set by the Board, this is because the Company's focus during the year was to develop a Diversity Policy aligned to its existing Equal Opportunity Policy and practices. However to further improve opportunities for women in the workplace, the Company has during the year:

- actively encouraged women to take up apprenticeships and develop through to trade roles remaining with RCR. A review of RCR's Apprenticeship program has been implemented which has as a key initiative and focus to increase the number of women apprentices in non traditional trades; and
- encouraged management to provide women with optimum employment opportunities; and
- provided ongoing education of personnel across the Company on diversity by gender, race and geographical location.

The Company will report on progress on achieving these and future diversity objectives in its 2013 Annual Report.

RCR's workforce gender profile – as at 30 June 2012 is set out below.

Roles	Female (Number)	Female %	Male (Number)	Male %	Total Employee (Numbers)
Non Executive Board Members	1	20%	4	80%	5
Executive Leadership Team	2	13%	13	87%	15
Divisional Managers	7	4%	166	96%	173
Line Managers / Supervisors	44	12%	327	88%	371
Administration	186	81%	43	19%	229
Technical (blue collar)	45	3%	1,478	97%	1,523
Total	285	12%	2,031	88%	2,316

The Company will encourage diversity by further development of its policies and practises including education and communication and set specific objectives with strong management leadership.

ASX Corporate Governance Compliance Statement

Principle	ASX Corporate Governance Principles and Best Practice Recommendations	Reference	Compliance
1.0	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.	1.1, 1.2	Comply
1.2	Companies should disclose the process for evaluating the performance of senior executives.	1.9	Comply
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	1.1, 1.10, Remuneration Report	Comply
2.0	Structure the Board to add value		
2.1	A majority of the Board should be independent directors.	1.3, 1.5	Comply
2.2	The chair should be an independent director.	1.3, 1.4	Comply
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	1.3, 1.4	Comply
2.4	The Board should establish a nomination committee.	2.1, 2.3	Comply
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	1.9	Comply
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	1.5, 1.9 1.10, 2.1, 2.3, Directors' Report	Comply
3.0	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; and • 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.	4.2, 4.3	Comply
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	7	Comply
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	7	Non compliance
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board	7	Comply
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	4.2, 7	Comply
4.0	Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee.	2.1	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.	2.1, 2.2	Comply
4.3	The audit committee should have a formal charter.	2 .1, 2.2	Comply
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	2.1, 6.1 Directors' Report	Comply

Principle	ASX Corporate Governance Principles and Best Practice Recommendations	Reference	Compliance
5.0	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.	3.2	Comply
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	3.2	Comply
6.0	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.	3.1	Comply
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	3.1	Comply
7.0	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.	2.2, 5.1, 5.2	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 report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	5.2	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.	5.4	Comply
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	5.1, 5.2, 5.4, Directors' Report	Comply
8.0	Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee.	2.1, 2.3	Comply
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; and has at least three members.	2.1, 2.3	Comply
8.3	Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.	Remuneration Report	Comply
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	2.1, 2.4,4.3	Comply

All References are to the Company's ASX Principles Compliance Statement, Director's Report and Remuneration Report, which are set out in the Company's 2012 Annual Financial Report.

Deloitte.

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The Board of Directors
RCR Tomlinson Limited
Level 6, 251 St Georges Terrace
PERTH WA 6000

22 August 2012

Dear Board Members

RCR Tomlinson Limited

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

As lead audit partner for the audit of the financial statements of RCR Tomlinson Limited for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants

Financial Statements 2012

Contents

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2012

	Note	2012 $000	2011 $000
Sales Revenue	2	808,689	607,249
Cost of Sales	3(a)	(740,414)	(564,126)
Gross Profit		68,275	43,123
Other Income	2	1,250	13,261
Administrative Expenses		(31,149)	(27,926)
Finance Costs	3(b)	(1,919)	(4,130)
Other Expenses		(2,123)	(2,354)
Profit Before Income Tax		34,334	21,974
Income Tax Expense	4	(7,059)	(2,436)
Profit for the Year After Tax		27,275	19,538
Other Comprehensive Loss, net of Income Tax:			
Exchange Difference on Translation of Foreign Operations		(203)	(281)
Net Loss on Foreign Exchange Contracts entered into for Cash Flow Hedges		(578)	-
Other Comprehensive Loss for the Year, net of Income Tax		(781)	(281)
Total Comprehensive Income for the Year		26,494	19,257
Earnings per Share:			
Basic Earnings per Share (cents per share)	5	20.51	14.81
Diluted Earnings per Share (cents per share)	5	20.31	14.65

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2012

	Note	2012 $000	2011 $000
CURRENT ASSETS			
Cash and Cash Equivalents	6	45,165	26,844
Trade and Other Receivables	7	139,677	122,253
Inventories and Work in Progress	8	40,075	46,916
Other Current Assets	9	3,579	2,945
TOTAL CURRENT ASSETS		228,496	198,958
NON-CURRENT ASSETS			
Property, Plant and Equipment	11	73,200	65,898
Deferred Tax Assets	16	4,273	9,353
Intangible Assets	12	79,859	83,823
Other Non-Current Assets		216	41
TOTAL NON-CURRENT ASSETS		157,548	159,115
TOTAL ASSETS		386,044	358,073
CURRENT LIABILITIES			
Trade and Other Payables	14	102,479	63,338
Borrowings	15	-	7,121
Current Tax Liabilities	16	3,675	913
Provisions	17	35,867	31,953
Deferred Revenue	18	18,770	14,377
Other Financial Liabilities	19	-	5,000
TOTAL CURRENT LIABILITIES		160,791	122,702
NON-CURRENT LIABILITIES			
Borrowings	15	-	26,190
Provisions	17	1,728	1,681
TOTAL NON-CURRENT LIABILITIES		1,728	27,871
TOTAL LIABILITIES		162,519	150,573
NET ASSETS		223,525	207,500
EQUITY			
Issued Capital	20	114,675	119,406
Reserves	21	2,195	1,047
Retained Earnings		106,655	87,047
TOTAL EQUITY		223,525	207,500

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2012

	Note	Issued Capital $000	Equity-Settled Employee Benefits Reserve $000	Foreign Currency Translation Reserve $000	Cash Flow Hedging Reserve $000	Retained Earnings $000	Total $000
BALANCE AT 1 JULY 2010		119,418	598	(710)	-	71,465	190,771
Profit for the Year		-	-	-	-	19,538	19,538
Other Comprehensive Loss for the Year		-	-	(281)	-	-	(281)
Total Comprehensive Profit/(Loss) for the Year		-	-	(281)	-	19,538	19,257
Issue of Shares Under the Employee Share Option Plan		117	-	-	-	-	117
Share Issue Costs		(3)	-	-	-	-	(3)
Recognition of Share Based Payments		-	1,440	-	-	-	1,440
Share Buy-Back		(125)	-	-	-	-	(125)
Share Buy-Back Costs		(1)	-	-	-	-	(1)
Dividends Paid	22	-	-	-	-	(3,956)	(3,956)
BALANCE AT 30 JUNE 2011		119,406	2,038	(991)	-	87,047	207,500
BALANCE AT 1 JULY 2011		119,406	2,038	(991)	-	87,047	207,500
Profit for the Year		-	-	-	-	27,275	27,275
Other Comprehensive Loss for the Year		-	-	(203)	(578)	-	(781)
Total Comprehensive Profit/(Loss) for the Year		-	-	(203)	(578)	27,275	26,494
Issue of Shares Under the Employee Share Option Plan		658	-	-	-	-	658
Recognition of Share Based Payments		-	1,455	-	-	-	1,455
Tax Effect Relating to Share Based Payments		-	474	-	-	-	474
Share Buy-Back		(5,335)	-	-	-	-	(5,335)
Share Buy-Back Costs		(54)	-	-	-	-	(54)
Dividends Paid	22	-	-	-	-	(7,667)	(7,667)
BALANCE AT 30 JUNE 2012		114,675	3,967	(1,194)	(578)	106,655	223,525

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2012

	Note	2012 $000	2011 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		790,888	593,395
Other Income		12	50
Payments to Suppliers and Employees		(709,893)	(574,377)
Finance Costs		(1,919)	(4,130)
Income Tax Refund		2,437	1,100
Net Cash Increase from Operating Activities	24(a)	81,525	16,038
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received		954	482
Proceeds from Sale of Property, Plant and Equipment		704	16,746
Purchase of Property, Plant and Equipment		(19,153)	(10,192)
Payment for Business Acquisition	24(b)	-	(2,464)
Net Cash (Decrease)/Increase from Investing Activities		(17,495)	4,572
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Issue of Shares		658	117
Payment for Share Issue Costs		-	(3)
Payment for Buy-Back of Shares		(5,335)	(125)
Payment for Share Buy-Back Costs		(54)	(1)
Repayment of Borrowings		(33,311)	(19,802)
Dividends Paid		(7,667)	(3,956)
Net Cash Decrease from Financing Activities		(45,709)	(23,770)
Net Increase / (Decrease) in Cash Held		18,321	(3,160)
Cash at Beginning of Financial Year		26,844	30,004
Cash at End of Financial Year	6	45,165	26,844

The accompanying notes form part of these financial statements.

Note 1: Statement of Significant Accounting Policies

The financial report covers the consolidated entity of RCR Tomlinson Ltd ("RCR" or "the Company") and its controlled entities ("the consolidated entity"). RCR is a listed public company incorporated and domiciled in Australia. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial report was authorised for issue on 22 August 2012 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.

Application of New and Revised Accounting Standards

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

Reference	Title	Affect
AASB 7	*Financial Instruments: Disclosure* *ASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	The amendments clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
AASB 101	*Presentation of Financial Statements* *AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	The amendments clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity of in the notes to the financial statements.

New Standards and Interpretations Issued But Not Yet Adopted

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:

Note 1: Statement of Significant Accounting Policies (continued)

Reference	Title	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9	*Financial Instruments: AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*	1 January 2013	30 June 2014
AASB 10	*Consolidated Financial Statements*	1 January 2013	30 June 2014
AASB 12	*Disclosure of Interests in other Entities*	1 January 2013	30 June 2014
AASB 128	*Investments in Associates and Joint Ventures*	1 January 2013	30 June 2014
AASB 13	*Fair Value Measurement: AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*	1 January 2013	30 June 2014
AASB 119	*Employee Benefits (2011): AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119*	1 January 2013	30 June 2014
AASB 2010-8	*Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets*	1 January 2012	30 June 2013
AASB 2011-4	*Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*	1 January 2013	30 June 2014
AASB 2011-7	*Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standard*	1 January 2013	30 June 2014
AASB 2011-9	*Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*	1 July 2012	30 June 2013

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity RCR 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 10 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

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 consolidated entity 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; and
- Nature of the regulatory environment.

Note 1: Statement of Significant Accounting Policies (continued)

(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 profit and loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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 and its wholly-owned Australian subsidiaries have formed an income tax consolidated group ("the 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 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 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

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period. Measurement is based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Construction work in progress is valued at cost. 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. 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.

Where contract costs incurred to date, plus recognised profits, less recognised losses, exceed progress billings, the surplus is shown as amounts due from customers for contract work. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position under deferred revenues.

Note 1: Statement of Significant Accounting Policies (continued)

(f) Property, Plant and Equipment

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

Property

Land and buildings within property, plant and equipment are measured under the cost model, as allowed by AASB 116 Property, Plant and Equipment. Freehold land is not depreciated.

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 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 profit and loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings 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% - 4.0%
Leasehold improvements	2.5% - 22.0%
Plant and equipment	5.0% - 40.0%
Leased plant and equipment	5.0% - 40.0%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit and loss.

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 are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating 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 profit and loss 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.

Note 1: Statement of Significant Accounting Policies (continued)

(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 profit and loss 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.

Financial Liabilities

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

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 arm's length transactions, reference to similar instruments and option pricing models.

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.

Financial liabilities are de-recognised where the related obligations are 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 assesses 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 impairment has arisen. Impairment losses are recognised in profit and loss.

(i) Derivative Financial Instruments

The consolidated entity enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. These derivative financial instruments are initially recognised at fair value at the date the contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Hedge accounting is discontinued when the consolidated entity revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Note 1: Statement of Significant Accounting Policies (continued)

(j) 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 asset's carrying value. Any excess of the assets' carrying value over its recoverable amount is expensed to profit and loss.

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.

(k) Intangibles

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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.

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.

(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.

Note 1: Statement of Significant Accounting Policies (continued)

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 profit and loss except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

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 profit and loss.

Foreign Operations

The financial transactions of foreign operations whose functional currency is different from the presentation currency are translated at the exchange rates prevailing at the date of the transaction. At the end of the reporting period, assets and liabilities are retranslated at the rates prevailing at that date. Income and expenses are retranslated at average exchange rates for the period.

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 profit and loss in the period in which the operation is disposed.

(m) Employee Benefits

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

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

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.

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 and a provision is raised.

(o) 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)

(p) Revenue

Revenue from the sale of goods is recognised when goods are invoiced and delivered.

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

Revenue and costs on construction contracts are recognised by reference to the stage of completion of the contract activity at the end of the reporting period. Measurement is based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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.

(q) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable fees, premiums paid and transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least twelve 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.

(r) 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 profit and loss.

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 profit and loss.

(s) 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 consolidated entity shall recognise, 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.

Note 1: Statement of Significant Accounting Policies (continued)

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.

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 profit and loss. 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 at each reporting period to fair value through profit and loss 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 profit and loss.

(t) 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 or to agreed terms.

(u) 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.

(v) 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.

(w) Earnings Per Share

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.

Diluted Earnings per Share

Diluted 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 and convertible options outstanding during the financial year.

Note 1: Statement of Significant Accounting Policies (continued)

(x) 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.

(y) Comparative Figures

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

(z) Rounding of Amounts

The consolidated 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.

(aa) 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

The consolidated entity 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

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are to be 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 profit and loss.

Note 1: Statement of Significant Accounting Policies (continued)

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

Share-Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the consolidated entity revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

(bb) 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.

Income from the use of the consolidated entity's share of the output of the joint venture, and its share of joint venture expenses are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the consolidated entity and their amount can be measured reliably.

(cc) 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 Securities 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).

(dd) Investments in Associates

An associate is an entity over which the Consolidated entity has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Note 2: Revenue	Note	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
Operating Activities:			
Revenue from the Sale of Goods and Rendering of Services		808,689	607,249
Non-Operating Activities:			
Gain on Disposal of Property, Plant and Equipment		-	9,074
Gain from Acquisition of Business	33(e)	-	3,653
Interest Received		954	482
Rental Revenue		12	26
Other		284	26
		1,250	13,261

Note 3: Profit For The Year		Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
(a)	Expenses		
	Cost of Sales	740,414	564,126
	Depreciation and Amortisation Included in Cost of Sales and Administrative Expenses:		
	Depreciation and Amortisation of Fixed and Leased Assets	11,210	10,798
	Amortisation of Intangible Assets	4,001	3,047
		15,211	13,845
	Employee Benefits Expenses Included in Cost of Sales and Administrative Expenses:		
	Salaries & Wages Including Superannuation	212,734	196,285
	Payroll Tax	12,552	11,591
	Allowances	16,525	13,269
	Employee Benefits Leave Expense	10,256	9,528
	Workers Compensation	7,921	5,378
	Other	6,767	4,778
		266,755	240,829
	Third Party Contractors	62,994	46,215
	Operating Lease Payments	20,475	17,045
	Foreign Currency Losses	327	997
(b)	Finance Costs		
	Interest on Bank Overdrafts and Loans	1,858	3,665
	Interest on Obligations Under Finance Leases	61	465
		1,919	4,130

Note 4: Income Tax Expense	Note	Consolidated Entity 2012 $000	2011 $000
(a) The Components of Tax Expense Comprise:			
Current Income Tax:			
Current Tax Expense in Respect of the Current Year		6,136	4,471
Adjustments Recognised in the Current Year in Relation to the Current Tax of Prior Years		(4,631)	(1,854)
Deferred Income Tax:			
Deferred Tax Expense Recognised in the Current Year	16(c)	10,937	603
Adjustments Recognised in the Current Year in Relation to the Deferred Tax of Prior Years	16(c)	(5,383)	(784)
		7,059	2,436
(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% (2011: 30%):		10,300	6,592
		10,300	6,592
Tax effect of:			
Non-Deductible Amortisation		814	904
Share-Based Payments		(220)	432
Other Non-Allowable Items		33	195
Overseas Tax Differences		335	194
Adjustments Recognised in the Current Year in Relation to the Current and Deferred Tax of Prior Periods		1,759	(1,432)
Research and Development Expenses – Current Year		(1,305)	(2,586)
Research and Development Expenses – Prior Year		(3,157)	(767)
Non Assessable Income		(1,500)	(1,096)
Income Tax Expense Attributable to Entity		7,059	2,436
The applicable tax rates are as follows:		20.6%	11.1%

Note 5: Earnings Per Share

	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
Basic Earnings per Share from Continuing Operations (cents per share)	20.51	14.81
Diluted Earnings per Share from Continuing Operations (cents per share)	20.31	14.65
(a) Reconciliation of Earnings to Profit or Loss		
Profit for the Year After Tax	27,275	19,538
Earnings Used to Calculate Basic EPS	27,275	19,538
Earnings Used in the Calculation of Dilutive EPS	27,275	19,538

	Consolidated Entity 2012 No. Shares 000's	Consolidated Entity 2011 No. Shares 000's
(b) Weighted Average Number of Ordinary Shares in Calculating Basic and Diluted EPS		
Weighted Average Number of Ordinary Shares Used in the Calculation of Basic EPS	132,963	131,895
Shares Deemed to be Issued in Respect of Employee Options and Performance Rights	1,360	1,450
Weighted Average Number of Ordinary Shares Used in the Calculation of Diluted EPS	134,323	133,345

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

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share.

	2012	2011
Options Granted 2 July 2007 and 13 July 2007 with Exercise Price of $2.20 per Share	600	730

Note 6: Cash And Cash Equivalents

	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
CURRENT		
Cash at Bank and In Hand	45,165	26,844

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2012	2011
Cash on Hand and In Banks	45,165	26,844
Cash and Cash Equivalents	45,165	26,844

Note 7: Trade And Other Receivables

	Note	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
CURRENT			
Trade Receivables		110,565	104,037
Provision for Impairment of Receivables		(717)	(685)
		109,848	103,352
Amounts Due from Customers Under Construction Contracts	13	29,829	18,901
		139,677	122,253

Trade receivables are generally on 60 day terms from the end of the month. With respect to trade receivables that are neither impaired nor past due, there are no indications as at 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.

(a) Trade Receivables that are Past Due but Not Impaired

	2012 $000	2011 $000
61 - 90 days	2,864	2,527
91 days plus	1,992	2,257
	4,856	4,784

(b) Movement in the Provision for Impairment of Receivables

	2012 $000	2011 $000
Opening Balance	685	812
Provision for Impairment Recognised During the Year	466	142
Receivables Written Off During the Year as Uncollectible	(434)	(130)
Amounts Recovered During the Year	-	(17)
Impairment Losses Reversed	-	(122)
Closing Balance	717	685
The ageing analysis of impaired trade receivables is as follows:		
91 days plus	717	685
	717	685

(c) Provision for Loss on Joint Venture Project

At 30 June 2012 and 30 June 2011, a single customer represented the majority of trade receivables past 91 days that were due. This amount was not included in the provision for impairment of receivables as it was fully provided for in other provisions. Refer to Note 17(a)(iii) Other Provisions for additional information.

Note 8: Inventories / Work in Progress

	2012 $000	2011 $000
CURRENT		
Raw Materials and Stores	11,177	11,421
Work in Progress	20,702	25,834
Finished Goods	8,196	9,661
	40,075	46,916

Note 9: Other Current Assets

	2012 $000	2011 $000
CURRENT		
Prepayments	2,005	1,801
Other	1,574	1,144
	3,579	2,945

Note 10: Controlled Entities

Note 10: Controlled Entities	Note	Country of Incorporation	Percentage Owned (%)* 2012	2011
(a) Controlled Entities Consolidated				
Details of the consolidated entity's subsidiaries at the end of the reporting period are as follows:				
Parent Entity:				
RCR Tomlinson Ltd	(10b)	Australia		
Subsidiaries of the Closed Group who are Parties to the Deed of Cross Guarantee:				
RCR Mining Pty Ltd	(10b)	Australia	100	100
RCR Energy Pty Ltd	(10b)	Australia	100	100
RCR Resources Pty Ltd	(10b)	Australia	100	100
RCR Power Pty Ltd	(10b)	Australia	100	100
RCR Energy Services Pty Ltd	(10b)	Australia	100	100
RCR Energy Systems Ltd	(10b)	New Zealand	100	100
RCR Resources (Eagle) Pty Ltd	(10b)	Australia	100	100
Positron Group Pty Ltd	(10b)	Australia	100	100
RCR Corporate Pty Ltd	(10b)	Australia	100	100
RCR Tomlinson (Custodian) Pty Ltd (Trustee of Group)	(10b)	Australia	100	100
Other Subsidiaries of RCR Tomlinson Ltd:				
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 Laser Pty Ltd		Australia	100	100
Applied Laser Pty Ltd		Australia	100	100
RCR Resources (Heat Treatment) 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 (Formerly Air & Tenaga Hijau Solutions Sdn Bhd)		Malaysia	100	100
Australasian Technology Pty Ltd		Australia	100	100
Container Lift Pty Ltd*		Australia	50	50
Controlled Trusts:				
RCR Employee Share Trust		Australia	100	-

* Percentage of voting power is in proportion to ownership

(b) Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 22 June 2011, the wholly-owned subsidiaries listed above as parties to the Deed of Cross Guarantee as relieved from the *Corporations Act 200*1 requirements for preparation, audit and lodgement of financial reports and directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up. RCR Tomlinson (Custodian) Pty Ltd acts as the trustee for the closed group who are parties to the Class Order.

Note 10: Controlled Entities (continued)

The consolidated statement of comprehensive income and statement of financial position of the Company and controlled entities party to the Deed of Cross Guarantee are:

	2012 $000	2011 $000
Statement of Comprehensive Income		
Sales Revenue	726,582	511,230
Cost of Sales	(603,868)	(414,824)
Gross Profit	122,714	96,406
Expenses	(91,375)	(72,309)
Finance Costs	(779)	(3,849)
Profit Before Income Tax	30,560	20,248
Income Tax Expense	(7,060)	(5,035)
Profit for the Year After Tax	23,500	15,213
Other Comprehensive Income for the Year	(784)	-
Total Comprehensive Income for the Year	22,716	15,213
Statement of Financial Position		
CURRENT ASSETS		
Cash and Cash Equivalents	31,776	17,047
Trade and Other Receivables	133,091	112,873
Inventories and Work in Progress	35,114	41,076
Other Current Assets	3,170	2,457
TOTAL CURRENT ASSETS	203,151	173,453
NON-CURRENT ASSETS		
Property, Plant and Equipment	65,170	56,430
Deferred Tax Assets	4,273	9,280
Intangible Assets	62,415	65,761
Other Current Assets	216	41
TOTAL NON-CURRENT ASSETS	132,074	131,512
TOTAL ASSETS	335,225	304,965
CURRENT LIABILITIES		
Trade and Other Payables	96,746	55,887
Borrowings	-	6,117
Current Tax Liabilities	3,675	959
Provisions	34,309	27,534
Deferred Revenue	18,767	14,312
Other Financial Liabilities	-	5,000
TOTAL CURRENT LIABILITIES	153,497	109,809
NON-CURRENT LIABILITIES		
Borrowings	-	26,183
Provisions	1,332	3,027
TOTAL NON-CURRENT LIABILITIES	1,332	29,210
TOTAL LIABILITIES	154,829	139,019
NET ASSETS	180,396	165,946
EQUITY		
Issued Capital	114,287	119,018
Reserves	2,296	1,151
Retained Earnings	63,813	45,777
TOTAL EQUITY	180,396	165,446

Note 11: Property, Plant And Equipment

	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
LAND AND BUILDINGS		
Freehold Land:		
At Cost	8,242	7,509
Total Land	8,242	7,509
Buildings:		
At Cost	16,399	12,737
Accumulated Depreciation	(3,676)	(3,027)
Total Buildings	12,723	9,710
Total Land and Buildings	20,965	17,219
PLANT AND EQUIPMENT		
Plant and Equipment:		
At Cost	119,486	103,679
Accumulated Depreciation	(67,251)	(56,518)
	52,235	47,161
Leased Plant and Equipment:		
Capitalised Leased Assets	-	5,450
Accumulated Depreciation	-	(3,932)
	-	1,518
Total Plant and Equipment	52,235	48,679
Total Property, Plant and Equipment	73,200	65,898

(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.

	Note	Freehold Land $000	Buildings $000	Plant and Equipment $000	Leased Plant and Equipment $000	Total $000
Consolidated Entity:						
Balance at 1 July 2010		9,144	10,291	48,001	2,131	69,567
Additions		-	862	9,028	-	9,890
Acquisitions Through Business Combinations	33(c)	-	-	677	-	677
Disposals		(1,007)	(1,463)	(821)	-	(3,291)
Transfers		(628)	628	(348)	348	-
Depreciation Expense		-	(608)	(9,229)	(961)	(10,798)
Foreign Exchange Translation		-	-	(147)	-	(147)
Balance at 30 June 2011		7,509	9,710	47,161	1,518	65,898
Balance at 1 July 2011		7,509	9,710	47,161	1,518	65,898
Additions		840	3,984	14,329	-	19,153
Disposals		-	(317)	(125)	(262)	(704)
Transfers		(107)	107	720	(720)	-
Depreciation Expense		-	(761)	(9,913)	(536)	(11,210)
Foreign Exchange Translation		-	-	63	-	63
Balance at 30 June 2012		8,242	12,723	52,235	-	73,200

Note 12: Intangible Assets

	Note	Goodwill $000	Technology $000	Patents & Other Rights $000	Development Costs $000	Total $000
Consolidated Entity:						
Year Ended 30 June 2011						
Opening Net Carrying Value		52,643	9,315	12,304	19	74,281
Acquisitions Through Business Combinations	33(c)	-	12,700	-	-	12,700
Amortisation Charge		-	(1,604)	(1,438)	(5)	(3,047)
Foreign Currency Translation		-	(1)	(109)	(1)	(111)
Closing Net Carrying Value		52,643	20,410	10,757	13	83,823
Balance at 30 June 2011						
Cost		52,643	28,406	17,553	1,127	99,729
Accumulated Amortisation		-	(7,996)	(6,796)	(1,114)	(15,906)
Closing Net Carrying Value		52,643	20,410	10,757	13	83,823
Year Ended 30 June 2012						
Opening Net Carrying Value		52,643	20,410	10,757	13	83,823
Amortisation Charge		-	(2,562)	(1,434)	(5)	(4,001)
Foreign Currency Translation		-	6	31	-	37
Closing Net Carrying Value		52,643	17,854	9,354	8	79,859
Balance at 30 June 2012						
Cost		52,643	28,412	17,585	1,128	99,768
Accumulated Amortisation		-	(10,558)	(8,231)	(1,120)	(19,909)
Closing Net Carrying Value		52,643	17,854	9,354	8	79,859

(a) Allocation of Goodwill to Cash Generating Units

Goodwill is allocated to the Company's cash generating units identified according to operating segment. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment. The carrying amount of goodwill was allocated to cash generating units as follows.

	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
RCR Mining	4,352	4,352
RCR Energy	18,643	18,643
RCR Resources	4,693	4,693
RCR Power	23,258	23,258
RCR Corporate	1,697	1,697
	52,643	52,643

(b) Impairment Test for Goodwill

The recoverable amount of the goodwill in each cash generating unit is based on value in use calculations. These calculations use cash flow projections based on the following year's budget. Cash flows in the 20 year period projection are extrapolated using estimated growth rates. Any reasonable changes in the key assumptions on which the recoverable amount is based on would not cause the cash generating units' carrying amount to exceed its recoverable amount.

The key assumptions used in the value in use calculations as at 30 June 2012 and 30 June 2011 were as follows:

- Growth rate used to extrapolate cash flows beyond the forecast period: 2.5% (2011: 2.5%)
- Pre-tax discount rate: 24.6% (2011: 25.0%)

Note 13: Amounts Due From Customers Under Construction Contracts

	Note	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
Contract Costs Incurred		370,717	243,879
Recognised Profits		47,210	35,754
		417,927	279,633
Progress Billings		(406,868)	(275,109)
		11,059	4,524
Recognised and included in the consolidated financial statements as amounts:			
Due From Customers Under Construction Contracts – Included in Debtors	7	29,829	18,901
Due To Customers Under Construction Contracts – Deferred Revenue	18	(18,770)	(14,377)
		11,059	4,524

Note 14: Trade And Other Payables

	2012 $000	2011 $000
CURRENT	31,274	48,169
Trade Payables	68,070	11,994
Accrued Expenses	3,135	3,175
Sundry Payables	102,479	63,338

Trade Payables are generally paid within 30 days of recognition or to agreed terms. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Note 15: Borrowings

	Note	2012 $000	2011 $000
Secured at Amortised Cost			
Bank Loans (a)	24(d)	-	32,000
Finance Lease Liability (b)	25(a)	-	1,311
		-	33,311
CURRENT		-	7,121
NON-CURRENT		-	26,190
		-	33,311

(a) Bank Loans

During the year ended 30 June 2012, the consolidated entity repaid its bank loan of $26 million. This limit can be drawn down in the future as the repayments do not permanently reduce the bank loan limit. The loan is secured by a fixed and floating charge over the assets and undertakings of RCR and each of its wholly owned subsidiaries.

In the prior year ended 30 June 2011, the bank loan of $32 million was fully drawn and was secured by a fixed and floating charge over the assets and undertakings of RCR and each of its wholly owned subsidiaries.

(b) Finance Lease Liability

During the year ended 30 June 2012, the consolidated entity repaid all finance lease liabilities.

In the prior year ended 30 June 2011, the consolidated entity had finance lease liabilities of $1.3 million that was secured by the assets leased.

Note 16: Tax

		Note	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
(a)	Liabilities			
	CURRENT			
	Income Tax		3,675	913
	NON-CURRENT			
	Tax Allowances Relating to Property, Plant and Equipment		2,697	1,958
	Effect from Business Acquisition		1,179	1,560
	Intangibles		1,354	-
	Other		79	343
			5,309	3,861
(b)	Assets			
	NON-CURRENT			
	Tax Losses		113	-
	Work in Progress		-	2,156
	Provisions		6,730	9,878
	Transaction Costs on Equity Issue		-	-
	Share Based Payments		1,130	-
	Other		1,609	1,180
			9,582	13,214
	NET DEFERRED TAX			
	Deferred Tax Asset	16(b)	9,582	13,214
	Deferred Tax Liability	16(a)	(5,309)	(3,861)
			4,273	9,353
(c)	Reconciliations			
	(i) Gross Movements			
	The overall movement in the deferred tax account is as follows:			
	Opening Balance		9,353	9,172
	Movement to Profit and Loss	4(a)	(5,554)	181
	Movement to equity	21(a)	474	-
	Closing Balance		4,273	9,353

Note 16: Tax (continued)	Note	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
(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		1,958	558
Movement to Profit and Loss		739	1,400
Closing Balance		2,697	1,958
Effect from Business Acquisition:			
Opening Balance		1,560	-
Movement to Profit and Loss		(381)	1,560
Closing Balance		1,179	1,560
Intangibles:			
Opening Balance		-	-
Movement to Profit and Loss		1,354	-
Closing Balance		1,354	-
Other:			
Opening Balance		343	1,298
Movement to Profit and Loss		(264)	(955)
Closing Balance		79	343
(iii) Deferred Tax Assets			
The movement in deferred tax assets for each temporary difference during the year is as follows:			
Tax Losses:			
Opening Balance		-	3,490
Movement to Profit and Loss		113	(3,490)
Closing Balance		113	-
Work in Progress:			
Opening Balance		2,156	2,156
Movement to Profit and Loss		(2,156)	-
Closing Balance		-	2,156
Provisions:			
Opening Balance		9,878	4,563
Movement to Profit and Loss		(3,148)	5,315
Closing Balance		6,730	9,878
Transaction Costs on Equity Issue:			
Opening Balance		1	62
Movement to Profit and Loss		(1)	(61)
Closing Balance		-	1
Share Based Payments:			
Opening Balance		-	-
Movement to Profit and Loss		656	-
Movement to Equity		474	-
Closing Balance		1,130	-
Other:			
Opening Balance		1,180	757
Movement to Profit and Loss		429	423
Closing Balance		1,609	1,180

Note 17: Provisions

	Note	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
Employee Benefits	17(a)(i)	15,631	16,869
Other Provisions	17(a)	21,964	16,765
		37,595	33,634
CURRENT		35,867	31,953
NON-CURRENT		1,728	1,681
		37,595	33,634

(a) Other Provisions

	Warranties (ii) $000	Provision for loss (iii) $000	Other (iv) $000	Total $000
Balance at 1 July 2010	554	-	-	554
Additional Provisions Recognised	1,017	15,208	-	16,225
Reductions Arising from Payments	(14)	-	-	(14)
Balance at 30 June 2011	1,557	15,208	-	16,765
Balance at 1 July 2011	1,557	15,208	-	16,765
Additional Provisions Recognised	4,045	2,000	524	6,569
Reductions Arising from Payments	(66)	-	-	(66)
Reductions Arising from Re-Measurement	(304)	(1,000)	-	(1,304)
Balance at 30 June 2012	5,232	16,208	524	21,964

(i) The provision for employee benefits represents annual leave, long service leave, and other site specific leave entitlements accrued by employees. The decrease in the carrying amount of the provision for the current year is due to site entitlements being paid upon demobilisation of work sites.

(ii) The provision for warranty claims represents the present value of the future outflow of economic benefits that will be required under the Company's obligations. The estimate has increased in the current year mostly due to warranty provisions taken out on major projects.

(iii) The provision for loss is mostly represented by the share of losses on joint venture projects.

(iv) Other provisions include insurance claims and relocation provisions.

Note 18: Deferred Revenue

	Note	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
CURRENT			
Amounts Due to Customers Under Construction Contracts	13	18,770	14,377

Note 19: Other Financial Liabilities

CURRENT			
Other (Contingent Consideration)	33(b)	-	5,000

Prior period other financial liabilities of $5,000,000 represented the contingent consideration recognised as part of the Company's acquisition of the business of AE&E Australia Pty Ltd. This contingent consideration was fully released in the financial year ended 30 June 2012.

Note 20: Issued Capital

	Note	Consolidated Entity No. of Shares '000	Consolidated Entity Share Capital $000
(a) Fully Paid Ordinary Shares			
Balance as at 1 July 2010		131,860	119,418
Issue of Shares Under the Employee Share Option Plan	27(a)	97	117
Share issue Costs		-	(3)
Issue of Shares Upon Vesting of Performance Rights	27(b)	150	-
Share Buy Back		(97)	(125)
Share Buy-Back Costs		-	(1)
Balance as at 30 June 2011		132,010	119,406
Balance as at 1 July 2011		132,010	119,406
Issue of Shares Under the Employee Share Option Plan	27(a)	1,318	658
Issue of Shares Upon Vesting of Performance Rights	27(b)	1,042	-
Share Buy Back		(2,925)	(5,335)
Share Buy-Back Costs		-	(54)
Balance as at 30 June 2012		131,445	114,675

At 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. The shares bought back in the current year were cancelled immediately.

(b) Options and Performance Rights

For information relating to options and performance rights, including details of options and performance rights issued, exercised and lapsed during the financial year and the amounts outstanding at year-end refer to Note 27: 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.

Strategies adopted by management during the year to control the capital of the consolidated entity include repayments of its bank loan to reduce debt levels to nil, and the extension of an on-market share buy-back program.

The gearing ratio at the end of the reporting period was as follows.

	Note	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
Borrowings	15	-	33,311
Less Cash and Cash Equivalents	6	(45,165)	(26,844)
Net (Cash)/Debt		(45,165)	6,467
Total Equity		223,525	207,500
Net Debt Equity Ratio		0%	3%

Note 21: Reserves

		Consolidated Entity 2012 $000	2011 $000
Equity-Settled Employee Benefits Reserve (a)		3,967	2,038
Foreign Currency Translation Reserve (b)		(1,194)	(991)
Cash Flow Hedging Reserve (c)		(578)	-
		2,195	1,047
(a)	Equity-Settled Employee Benefits Reserve		
	Balance at the Beginning of the Year	2,038	598
	Recognition of Share Based Payments	1,455	1,440
	Tax Effect Relating to Share Based Payments	474	-
	Balance at End of Year	3,967	2,038
	The equity-settled employee benefits reserve relates to share options granted by the Company to its Executives and employees under its employee share option and performance rights plan.		
(b)	Foreign Currency Translation Reserve		
	Balance at the Beginning of the Year	(991)	(710)
	Exchange Differences Arising on Translating the Foreign Operations	(203)	(281)
	Balance at End of Year	(1,194)	(991)
	Exchange differences relating to the translation of the results and net assets of the consolidated entity's foreign operations from their functional currencies to the consolidated entity's presentation currency (i.e. Australian Dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.		
(c)	Cash Flow Hedging Reserve		
	Balance at the Beginning of the Year	-	-
	Loss Arising on Changes in Fair Value of Foreign Exchange Contracts Entered into for Cash Flow Hedges	(578)	-
	Balance at End of Year	(578)	-

The hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of forward foreign exchange contracts entered into for cash flow hedges. The gain or loss that is recognised in the hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

Note 22: Dividends

Note 22: Dividends	Consolidated Entity 2012 Cents per share	Consolidated Entity 2012 $000	Consolidated Entity 2011 Cents per share	Consolidated Entity 2011 $000
Fully Paid Ordinary Shares				
Interim Dividend	2.00	2,679	-	-
Final Dividend	3.75	4,988	3.00	3,956
	5.75	7,667	3.00	3,956

On 20 October 2011, a fully franked final dividend of 3.75 cents per share (2011: 3.0 cents per share) was paid in respect of the financial year ended 30 June 2011. This was franked at the tax rate of 30% (tax rate for dividend paid in 2011 in respect of the financial year ended 30 June 2010: 30%).

In respect of the financial year ended 30 June 2012, a fully franked interim dividend of 2.00 cents per share (2011: no interim dividend) was paid on 16 April 2012, franked at the tax rate of 30%.

The Directors have recommended the payment of a final dividend of 4.25 cents per share, franked to 100% at 30% corporate income tax rate, to the holders of fully paid ordinary shares on 5 October 2012. 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.

	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
Franking account balance	6,234	8,399

Note 23: Segment Reporting

Operating Segments

RCR operates in the following four segments:

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

RCR Energy - RCR's Energy business provides integrated solutions for power generation and thermal energy plants, components and systems. 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.

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 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.

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 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" basis and are eliminated on consolidation.

Note 23: Segment Reporting (continued)

30 June 2012	Mining $000	Energy $000	Resources $000	Power $000	Corporate (Inc Eliminations) $000	Consolidated Group $000
REVENUE						
Sales	181,273	171,181	416,078	83,910	(43,753)	808,689
Total Sales Revenue	181,273	171,181	416,078	83,910	(43,753)	808,689
RESULT						
Segment EBIT	13,274	7,231	17,169	4,102	(5,523)	36,253
Finance Costs	-	-	-	-	(1,919)	(1,919)
Profit Before Income Tax	13,274	7,231	17,169	4,102	(7,442)	34,334
Income Tax Expense	-	-	-	-	(7,059)	(7,059)
Profit After Income Tax	13,274	7,231	17,169	4,102	(14,501)	27,275
ASSETS						
Segment Assets	68,625	123,090	111,455	28,025	55,849	387,044
Allocated Assets	4,486	(16,683)	(24,021)	26,369	9,849	-
Total Assets	73,111	106,407	87,434	54,394	65,698	387,044
LIABILITIES						
Segment Liabilities	40,795	33,151	60,460	6,906	22,207	163,519
Total Liabilities	40,795	33,151	60,460	6,906	22,207	163,519
OTHER						
Depreciation & Amortisation	1,461	2,875	2,071	79	8,725	15,211
Allocated Depreciation	197	-	226	54	(477)	-
Allocated Amortisation	315	1,913	310	1,445	(3,983)	-
Total Depreciation & Amortisation	1,973	4,789	2,607	1,577	4,264	15,211

30 June 2011	Mining $000	Energy $000	Resources $000	Power $000	Corporate (Inc Eliminations) $000	Consolidated Group $000
REVENUE						
Sales	180,953	204,872	208,177	52,496	(39,249)	607,249
Total Sales Revenue	180,953	204,872	208,177	52,496	(39,249)	607,249
RESULT						
Segment EBIT	11,448	6,689	11,837	1,891	(5,761)	26,104
Finance Costs	-	-	-	-	(4,130)	(4,130)
Profit Before Income Tax	11,448	6,689	11,837	1,891	(9,891)	21,974
Income Tax Expense	-	-	-	-	(2,436)	(2,436)
Profit After Income Tax	11,448	6,689	11,837	1,891	(12,327)	19,538
ASSETS						
Segment Assets	61,220	124,378	61,004	28,737	82,734	358,073
Allocated Assets	8,853	(7,515)	3,289	24,643	(29,270)	-
Total Assets	70,073	116,863	64,293	53,380	53,464	358,073
LIABILITIES						
Segment Liabilities	33,016	36,385	23,228	6,453	51,491	150,573
Total Liabilities	33,016	36,385	23,228	6,453	51,491	150,573
OTHER						
Depreciation & Amortisation	1,945	2,936	2,048	232	6,684	13,845
Allocated Depreciation	431	17	26	7	(481)	-
Allocated Amortisation	406	532	630	1,445	(3,013)	-
Total Depreciation & Amortisation	2,782	3,485	2,704	1,684	3,190	13,845

Note 23: Segment Reporting (continued)

	Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
Entity Wide Disclosures		
Revenue by Geographical Region		
Revenue attributable to external customers is disclosed below, based on the location of the external customer:		
Australia	775,950	555,597
New Zealand	32,739	50,246
Malaysia	-	1,406
Total Revenue	808,689	607,249
Assets by Geographical Region		
The location of segment assets by geographical location of the assets is disclosed below:		
Australia	372,988	338,960
New Zealand	13,014	18,401
Malaysia	42	712
Total Assets	386,044	358,073

Major customers

The consolidated entity provides both products and services to a number of customers. The consolidated entity supplies a single external customer who accounts for 26% of external revenue. The customer did not contribute more than 10% of external revenue in the prior period. The next most significant customer accounts for 10% (2011: 14%) of external revenue.

Note 24: Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2012 $000	2011 $000
Profit After Income Tax	27,275	19,538
Non-Cash Flows in Profit:		
Depreciation	11,210	10,798
Amortisation	4,001	3,047
Write-Off of Obsolete Stock	51	92
Net Loss/(Gain) on Disposal of Property, Plant and Equipment	310	(9,074)
Net Foreign Exchange Loss	26	997
Share Based Compensation Expense	1,455	1,440
Gain From Acquisition of Business	-	(3,653)
	17,053	3,647
Movements in Working Capital:		
Increase in Trade and Term Receivables	(17,403)	(14,338)
Increase in Other Debtors	(635)	(579)
Decrease/(Increase) in Inventories	5,790	(16,612)
Increase in Trade Payables and Accruals	38,250	12,676
Increase/(Decrease) in Deferred Revenue	4,393	(9,432)
Increase in Income Taxes Payable	2,762	5,280
Increase/(Decrease) in Deferred Taxes Payable	5,080	(1,442)
Increase in Provisions	3,960	17,300
Decrease in Other Financial Liabilities	(5,000)	-
	37,197	7,147
Net Cash Increase from Operating Activities	81,525	16,038

Note 24: Cash Flow Information (continued)

		Consolidated Entity 2012 $000	Consolidated Entity 2011 $000
(b) Acquisition of Business			
The consolidated entity did not acquire any businesses during the year ended 30 June 2012. In the prior period, the consolidated entity acquired the business and assets of AE&E Australia Pty Ltd on 30 June 2011. Details of this transaction were:			
Consideration Transferred	33(a)	-	7,464
Less Contingent Consideration Liability	33(b)	-	(5,000)
Payment for Business Acquisition	33(b)	-	2,464

(c) Non-Cash Financing and Investing Activities

Shares Issued

During the financial year 1,041,666 performance rights vested to key management personnel for no consideration (2011: 150,000 performance rights). On vesting the performance rights converted into ordinary fully paid shares.

(d) Loan Facilities

The consolidated entity had access to the following bank facilities and insurance bonding facilities at balance date:

	2012 $000	2011 $000
Bank Overdraft, Bank Guarantees, Trade Finance Facility and Insurance Bonding		
Used	95,729	49,217
Unused	57,271	80,783
	153,000	130,000
Bank Loan Facility		
Used	-	32,000
Unused	26,000	-
	26,000	32,000

Facility Use, Expiry and Interest Rates

- Bank Overdraft, Bank Guarantees, Trade Finance Facility and Insurance Bonding

  The consolidated entity has a $110 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 for bank guarantees issued to customers relative to contract performance. The facility's interest rate is dependent on the rate at the time of the draw. The facility expires on 31 March 2014.

  The consolidated entity has a $43 million insurance bonding facility for the provision of performance guarantees to customers relative to contract performance. At 30 June 2012, $4.9 million of this facility was undrawn. This facility expires on 30 November 2013.

- Bank Cash Advance Facility

  The consolidated entity has a $26 million three year, amortising revolving cash advance facility that provides liquidity for its operations. At 30 June 2012, the facility was undrawn due to bank loan repayments made during the year. Under the terms of the facility, the repayments do not permanently reduce the bank loan limit and can be drawn down in the future. This facility expires on 31 March 2014 with interest charged at the bank bill swap bid rate plus margin. The loan is secured by a fixed and floating charge over the assets and undertakings of RCR and each of its wholly owned subsidiaries.

Note 25: Capital And Leasing Commitments	Note	Consolidated Entity 2012 $000	2011 $000
(a) Finance Lease Commitments			
Payable — Minimum Lease Payments not Later than 12 Months		-	1,180
Between 12 Months and 5 Years		-	190
Minimum Lease Payments		-	1,370
Less Future Finance Charges		-	(59)
Present Value of Minimum Lease Payments		-	1,311
CURRENT	15	-	1,121
NON-CURRENT	15	-	190
		-	1,311

During the year ended 30 June 2012, the consolidated entity repaid all lease liabilities. As at 30 June 2011, the finance lease liability of $1,311,000 was secured by the assets leased.

	2012 $000	2011 $000
(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	12,259	16,865
Between 12 Months and 5 Years	18,855	19,553
Greater than 5 Years	1,204	1,676
	32,318	38,094

The Company has various property leases under non-cancellable operating leases expiring within or greater than five years, with rent payable monthly in advance. Contingent rental provisions within the lease agreements 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. Other leases under non-cancellable agreements include vehicle leasing.

(c) Capital Expenditure Commitments

$430,000 of commitments for property, plant and equipment expenditure exists at 30 June 2012 (2011: $690,000).

Note 26: Contingent Liabilities

(a) Legal Actions

During the year, RCR Resources (Heat Treatment) Pty Ltd together with its insurers and other defendants, settled a claim brought by Goldamere Pty Ltd in 2007, in respect of a fire at the Savage River Mine in Tasmania on the 5 June 2006.

(b) Performance Guarantees

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

2012: $95,728,975
2011: $49,217,036

(c) Claims

Certain claims arising out of engineering and construction contracts have been made by, or against, controlled entities in the ordinary course of business. The Directors do not consider the outcome of any of these claims will be materially different to the position taken in the financial accounts of the consolidated entity.

Note 27: Share-Based Payments

(a) Options

The consolidated entity has a share based payment scheme for executives and employees. In accordance with the terms of the plan, each employee share option holds no voting or dividend right and is not transferable. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the year ended 30 June 2012:

Class of Securities	No. Of Options	Exercise Price	Grant Date	Expiry Date
Unlisted Employee Incentive Options	430,000	$2.20	2 July 2007	2 July 2012
Unlisted Employee Incentive Options	170,000	$2.20	13 July 2007	13 July 2012
Unlisted Employee Incentive Options	377,500	$1.20	23 Sept 2008	24 Sept 2013
Unlisted Employee Incentive Options	125,000	$1.20	26 June 2009	24 Sept 2013
Unlisted Employee Incentive Options (i)	925,057	$0.39	17 June 2009	30 Sept 2013
Unlisted Employee Incentive Options (i)	1,400,000	$0.39	17 June 2009	30 Sept 2014
Unlisted Employee Incentive Options (i)	2,400,000	$0.39	17 June 2009	30 Sept 2015
Unlisted Employee Incentive Options (i)	1,400,000	$0.39	17 June 2009	30 Sept 2016
Total Options Outstanding at Year End	7,227,557			

(i) On 17 June 2009 and pursuant to shareholder approval on 28 October 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 39 cents per share. The exercise price was based on the market price of the Company's shares on 25 May 2009, being the commencement date of Dr Dalgleish's employment. As at 30 June 2012, 4,200,000 options remain subject to pre-defined performance hurdles, including Earnings Per Share hurdles and RCR's Total Shareholder Return (TSR) exceeding the TSR of the S&P/ASX 300 Index; and 666,667 options remain subject to Dr Dalgleish satisfying pre-defined periods of continuous employment with the Company.

The following share options were granted, exercised or forfeited during the year.

Option Series	2 Jul 2007 & 13 Jul 2007	24 Sept 2008 & 29 Jun 2009	17 Jun 2009	Total
Fair Value per Option at Grant Date	$0.75	$0.18	$0.001 - $0.106	
Exercise Price Per Share	$2.20	$1.20	$0.39	
Outstanding at the Beginning of the Year	730,000	775,000	7,740,990	9,245,990
Granted	-	-	-	-
Exercised	-	(177,500)	(1,140,990)	(1,318,490)
Forfeited	(130,000)	(95,000)	(474,943)	(699,943)
Total Options Outstanding at Year End	600,000	502,500	6,125,057	7,227,557
Options Which Remain Subject to Performance Hurdles	-	-	4,866,667	4,866,667
Options Exercisable	600,000	502,500	1,258,390	2,360,890

All options granted are for ordinary shares in RCR which confer a right of one ordinary share for every option held. The following reconciles the share options outstanding at the beginning and end of the year.

Note 27: Share-Based Payments (continued)

	2012		2011	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the Beginning of the Year	9,245,990	0.60	9,842,500	0.63
Granted	-	-	-	-
Exercised	(1,318,490)	0.50	(97,500)	1.20
Cancelled or Expired	(699,943)	0.84	(499,010)	1.10
Outstanding at Year End	7,227,557	0.60	9,245,990	0.60
Exercisable at Year End	2,360,890	1.02	2,645,990	1.13

The share options outstanding at the end of the year had an exercise price of $0.60 (2011: $0.60) and a weighted average remaining contractual life of 2.59 years (2011: 3.16 years).

The following inputs were used to determine the fair value of options issued at each grant date.

Option Series	2 Jul 2007 & 13 Jul 2007	23 Sept 2008 & 26 Jun 2009	17 Jun 2009
Exercise Price Per Share	$2.20	$1.20	$0.39
Grant Date Share Price	$2.08 & $2.15	$0.98 & $0.57	$0.58
Expected Volatility	36%	45%	60%
Risk Free Interest Rate	6.27%	6.27%	4.74%
Expiry Date	2 Jul & 13 Jul 2012	24 Sep 2013	30 Sep 2012 to 30 Sep 2016

(b) Performance Rights

The consolidated entity issues performance rights to senior executives in accordance with the terms of the Company's LTI Plan as approved by shareholders. No performance rights holder has any right under the terms of the performance rights to participate in any other share issue of the Company. When vested, each performance right is converted into one ordinary share for no consideration. All performance rights granted carry no dividend or voting rights.

The following performance rights arrangement was in existence during the year ended 30 June 2012:

Class of Securities	No. of Rights	Expiry Date
Unlisted Performance Rights	843,333	30 Sept 2012
Unlisted Performance Rights	25,000	9 Nov 2012
Unlisted Performance Rights	50,000	4 Jan 2013
Unlisted Performance Rights	333,333	25 Jan 2013
Unlisted Performance Rights	50,000	28 Feb 2013
Unlisted Performance Rights	25,000	22 Mar 2013
Unlisted Performance Rights	1,321,776	30 Sept 2013
Unlisted Performance Rights	333,334	25 Jan 2014
Unlisted Performance Rights	1,416,666	30 Sept 2014
Total Performance Rights Unissued at Year End	4,398,442	

Note 27: Share-Based Payments (continued)

The following performance rights were granted, vested or expired during the year.

	2012 Number of Performance Rights	2011 Number of Performance Rights
Outstanding at the Beginning of the Year	4,261,666	2,500,000
Granted	1,278,442	1,911,666
Vested	(1,041,666)	(150,000)
Cancelled or Expired	(100,000)	-
Outstanding at Year-End	4,398,442	4,261,666
Vested at Year-End	-	-

The fair value of rights granted was calculated using a binomial simulation analysis. The following inputs were used to determine the fair value of rights issued at each grant date.

Performance Rights Series	25 Jan 2010	28 Feb 2010	6 May 2010	17 Sept 2010	22 Oct 2010	27 May 2011	13 Sept 2011	9 May 2012
Grant date share price	$1.04	$0.89	$0.99	$1.25	$1.39	$1.75	$1.44	$1.82
Expected volatility	72%	72%	72%	72%	72%	72%	55%	55%
Risk free interest rate	4.58%	4.54%	4.84%	4.75%	4.90%	4.86%	2.69%	2.69%

The grant date and fair value of unissued performance rights of RCR as at 30 June 2012 are as follows:

Grant Date	Expiry date	No. Of Performance Rights	Fair Value per performance right at grant date (binomial model)
25 January 2010	30 Sept 2012	333,333	$0.65
	25 Jan 2013	333,333	$0.95
	30 Sept 2013	233,334	$0.68
	25 Jan 2014	333,334	$0.92
28 February 2010	30 Sept 2012	50,000	$0.59
	28 Feb 2013	50,000	$0.81
6 May 2010	30 Sept 2012	75,000	$0.61
	4 Jan 2013	50,000	$0.91
	22 Mar 2013	25,000	$0.91
17 September 2010	30 Sept 2012	125,000	$0.80 - $1.18
	9 Nov 2012	25,000	$1.17
	30 Sept 2013	300,000	$0.79 - $1.14
	30 Sept 2014	666,666	$0.78 - $1.11
22 October 2010	30 Sept 2012	50,000	$0.88
	30 Sept 2013	50,000	$0.92
27 May 2011	30 Sept 2012	210,000	$1.06
	30 Sept 2013	210,000	$1.10
13 September 2011	30 Sept 2013	318,442	$1.44
9 May 2012	30 Sept 2013	210,000	$1.12 - $1.82
	30 Sept 2014	750,000	$1.18 - $1.18
Total Performance Rights Unissued at Year End		4,398,442	

Note 28: 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	Chairman and Non Executive Director	Full financial period
Eva Skira	Non Executive Director	Full financial period
Kevin Edwards	Non Executive Director	Full financial period
Paul Dippie	Non Executive Director	Full financial period
Mark Bethwaite	Non Executive Director	27 March 2012 to 30 June 2012
Executives		
Paul Dalgleish	Managing Director and Chief Executive Officer	CEO for full financial period. Appointed MD on 20 October 2011
Andrew Walsh	Chief Financial Officer	Full financial period
Graham Salter	Executive General Manager – Energy	Full financial period
Milos Jankovic	Executive General Manager – Resources	Full financial period
Ian Gibbs	General Manager – Mining (Technologies)	Full financial period
Joseph Tufilli	General Manager – Mining (OSR)	Full financial period
Darrin Van Vlimmeren	General Manager – Power	Full financial period

(b) Remuneration Table

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

	Consolidated Entity	
	2012 $	2011 $
Short-Term Employee Benefits	5,769,348	3,915,397
Post-Employment Benefits	148,350	131,131
Other Long-Term Benefits	-	286,026
Termination Benefits	-	1,025,000
Share-Based Payments	1,144,961	1,075,655
	7,062,659	6,433,209

The compensation of each member of the key management personnel of the consolidated entity is set out in the Remuneration Report contained in the Directors' Report for the financial years ended 30 June 2012 and 30 June 2011.

Note 29: 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 10.

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

In the year ended 30 June 2012, Mr Paul Dippie performed certain services for the Company through Responsive Services Limited, for which a fee of $3,000 was charged and paid. There were no other related party transactions with Directors in the year ended 30 June 2012.

In the prior period, rental payments of $77,300 were paid to an entity associated with the Estate of the late Mr Jeffrey Hogan on normal commercial terms for RCR's former Corporate headquarters in Booragoon, Western Australia. Occupation of this building ceased in February 2011.

(d) Key Management Personnel Equity Holdings

Shares

Shareholdings include shares held in their own name and shareholdings in which the key management personnel hold a relevant interest.

Options

The consolidated entity has a share based payment scheme for key management personnel. In accordance with the terms of the plan, each share option holds no voting or dividend right and is not transferable. Options may be exercised at any time from the date of vesting to the date of their expiry.

Performance Rights

The consolidated entity issues performance rights to key management personnel in accordance with the terms of the Company's LTI Plan as approved by shareholders. No performance rights holder has any right under the terms of the performance rights to participate in any other share issue of the Company. When vested, each performance right is converted into one ordinary share for no consideration. All performance rights granted carry no dividend or voting rights.

Details of key management personnel equity holdings are disclosed below.

Note 29: Related Party Transactions (continued)

Name	Type	Allocation Date	Vesting Date	Balance of Unvested Equity Awards as at 1 July 2011	Granted		Vested		Lapsed		Balance of Unvested Equity Awards as at 30 June 2012
				Number	Number	$	Number	$	Number	$	Number
Paul Dalgleish	CEO Options	25 May 09	30 Sept 11	1,400,000	-	-	(925,057)	(888,055)	(474,943)	(455,945)	-
	CEO Options	25 May 09	30 Sept 12	1,400,000	-	-	-	-	-	-	1,400,000
	CEO Options	25 May 09	30 Sept 13	1,400,000	-	-	-	-	-	-	1,400,000
	CEO Options	25 May 09	30 Sept 14	1,400,000	-	-	-	-	-	-	1,400,000
	CEO Options	25 May 09	31 Dec 11	333,333	-	-	(333,333)	(413,333)	-	-	-
	CEO Options	25 May 09	31 Dec 12	333,333	-	-	-	-	-	-	333,333
	CEO Options	25 May 09	31 Dec 13	334,334	-	-	-	-	-	-	334,334
	Rights	13 Sept 11	30 Sept 13	-	248,186	357,388	-	-	-	-	248,186
Andrew Walsh	Rights	25 Jan 10	30 Sept 11	333,333	-	-	(333,333)	(450,000)	-	-	-
	Rights	25 Jan 10	25 Jan 12	333,333	-	-	(333,333)	(536,666)	-	-	-
	Rights	25 Jan 10	30 Sept 12	333,333	-	-	-	-	-	-	333,333
	Rights	25 Jan 10	25 Jan 13	333,333	-	-	-	-	-	-	333,333
	Rights	25 Jan 10	30 Sept 13	233,334	-	-	-	-	-	-	233,334
	Rights	25 Jan 10	25 Jan 14	333,334	-	-	-	-	-	-	333,334
	Rights	17 Sept 10	30 Sept 14	666,666	-	-	-	-	-	-	666,666
	Rights	13 Sept 11	30 Sept 13	-	70,256	101,169	-	-	-	-	70,256
Milos Jankovic	Rights	22 Oct 10	30 Sept 12	50,000	-	-	-	-	-	-	50,000
	Rights	22 Oct 10	30 Sept 13	50,000	-	-	-	-	-	-	50,000
	Rights	9 May 12	30 Sept 13	-	50,000	73,500	-	-	-	-	50,000
	Rights	9 May 12	30 Sept 14	-	100,000	150,000	-	-	-	-	100,000
Graham Salter	Rights	27 May 11	30 Sept 12	100,000	-	-	-	-	-	-	100,000
	Rights	27 May 11	30 Sept 13	100,000	-	-	-	-	-	-	100,000
	Rights	9 May 12	30 Sept 14	-	100,000	150,000	-	-	-	-	100,000

Note 29: Related Party Transactions (continued)

Name	Type	Allocation Date	Vesting Date	Balance of Unvested Equity Awards as at 1 July 2011	Granted		Vested		Lapsed		Balance of Unvested Equity Awards as at 30 June 2012
				Number	Number	$	Number	$	Number	$	$
Ian Gibbs	Rights	6 May 10	30 Sept 11	25,000	-	-	(25,000)	(33,750)	-	-	-
	Rights	6 May 10	4 Jan 12	25,000	-	-	(25,000)	(33,000)	-	-	-
	Rights	6 May 10	30 Sept 12	25,000	-	-	-	-	-	-	25,000
	Rights	6 May 10	4 Jan 13	25,000	-	-	-	-	-	-	25,000
	Rights	17 Sept 10	30 Sept 13	50,000	-	-	-	-	-	-	50,000
	Rights	9 May 12	30 Sept 14	-	50,000	75,000	-	-	-	-	50,000
Joe Tufilli	Rights	6 May 10	30 Sept 11	25,000	-	-	(25,000)	(33,750)	-	-	-
	Rights	6 May 10	4 Jan 12	25,000	-	-	(25,000)	(33,000)	-	-	-
	Rights	6 May 10	30 Sept 12	25,000	-	-	-	-	-	-	25,000
	Rights	6 May 10	4 Jan 13	25,000	-	-	-	-	-	-	25,000
	Rights	17 Sept 10	30 Sept 13	50,000	-	-	-	-	-	-	50,000
	Rights	9 May 12	30 Sept 14	-	50,000	75,000	-	-	-	-	50,000
Darrin Van Vlimmeren	Rights	9 May 12	30 Sept 13	-	50,000	73,500	-	-	-	-	50,000
	Rights	9 May 12	30 Sept 14	-	50,000	75,000	-	-	-	-	50,000

Note 30: Financial Risk Management

The consolidated entity's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. 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.

The consolidated entity also undertakes transactions denominated in foreign currencies, primarily with respect to the United States Dollar. Consequently, exposures to exchange rate fluctuations arise. These exchange rate exposures are managed using forward foreign exchange contracts designated as cash flow hedges. Refer to Note 31(b) Derivative Financial Instruments which details outstanding cash flow hedges at reporting date.

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 2012, had the Australian Dollar depreciated / appreciated by 10% against the New Zealand Dollar (AUD:NZD spot rate of 1.2736) with all other variables held constant, post-tax profit for the year would have been $54,000 lower / higher (2011: $118,000 lower / higher), mainly as a result of the change in value of the net income earned by entities in the consolidated entity where the New Zealand Dollar is their functional currency. Equity would have been $879,000 higher / lower (2011: $701,000 higher / lower) had the Australian Dollar depreciated / appreciated by 10% against the New Zealand Dollar. Equity is impacted by the translation of financial assets and liabilities of entities in the consolidated entity where the New Zealand Dollar is their functional currency.

(ii) 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 bank bill swap bid rate. The consolidated entity's finance lease liabilities are at fixed interest rates.

The consolidated entity analyses its interest rate exposure regularly. 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 at 30 June 2012, if interest rates had changed by - / + 100 basis points from the year end rates with all other variables held constant, post-tax profit for the year would have been $452,000 higher / lower (2011: $65,000 higher / lower).

(iii) 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.

Note 30: Financial Risk Management (continued)

		Interest Rate Risk				Foreign Exchange Risk			
		Rate changes by -100bps		Rate changes by +100bps		AUD depreciates against NZD by 10%		AUD appreciates against NZD by 10%	
30 June 2012	Carrying Amount $000	Profit $000	Equity $000	Profit $000	Equity $000	Profit $000	Equity $000	Profit $000	Equity $000
Financial Assets:									
Cash and Cash Equivalents	45,165	(452)	-	452	-	2	679	(2)	(679)
Trade and Other Receivables	139,677	-	-	-	-	4	777	(4)	(777)
Financial Liabilities:									
Trade and Other Payables	102,479	-	-	-	-	(60)	(577)	60	577
Short-Term Borrowings	-	-	-	-	-	-	-	-	-
Long-Term Borrowings	-	-	-	-	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-	-	-	-	-
Total Increase/ (Decrease)		(452)	-	452	-	(54)	879	54	(879)
30 June 2011									
Financial Assets:									
Cash and Cash Equivalents	26,844	(268)	-	268	-	8	350	(8)	(350)
Trade and Other Receivables	122,253	-	-	-	-	1	1,152	(1)	(1,152)
Financial Liabilities:									
Trade and Other Payables	63,338	-	-	-	-	(127)	(633)	127	633
Short-Term Borrowings	7,121	71	-	(71)	-	-	(168)	-	168
Long-Term Borrowings	26,190	262	-	(262)	-	-	-	-	-
Other Financial Liabilities	5,000	-	-	-	-	-	-	-	-
Total Increase/ (Decrease)		65	-	(65)	-	(118)	701	118	(701)

(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.

Note 30: Financial Risk Management (continued)

(c) Liquidity and Capital Risk

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.

The consolidated entity's net cash/(debt) position is defined as total borrowings less cash and cash equivalents. This amounted to $45.2 million net cash position at 30 June 2012 (2011: $6.5 million net debt).

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.

As at 30 June 2012, the consolidated entity maintains backup liquidity for its operations and maturing debts through a combination of bank overdrafts, bank guarantees and trade finance facility as well as a $26 million cash advance facility which was undrawn at 30 June 2012 (2011: $32 million fully drawn). These facilities expire on 31 March 2014 with interest charged at the bank bill swap bid rate plus margin.

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.

30 June 2012	Within 1 year $000	Between 1 and 5 years $000	After 5 years $000
Financial Assets:			
Cash and Cash Equivalents	45,165	-	-
Trade and Other Receivables	139,677	-	-
Financial Liabilities:			
Trade and Other Payables	(102,479)	-	-
Bank Borrowings	-	-	-
Finance Lease Liabilities	-	-	-
Other Financial Liabilities	-	-	-
Total	82,363	-	-

30 June 2011			
Financial Assets:			
Cash and Cash Equivalents	26,844	-	-
Trade and Other Receivables	122,253	-	-
Financial Liabilities:			
Trade and other payables	(77,715)	-	-
Bank Borrowings	(6,000)	(26,000)	-
Finance Lease Liabilities	(1,121)	(190)	-
Other Financial Liabilities	(5,000)	-	-
Total	59,261	(26,190)	-

Note 31: 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 2012	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	45,165	45,165	-	-	-
Trade and Other Receivables	139,677	139,677	-	-	-
Total Financial Assets	184,842	184,842	-	-	-
Financial Liabilities:					
Trade and Sundry Payables	102,479	-	-	-	102,479
Bank Loans and Overdrafts	-	-	-	-	-
Lease Liabilities	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-
Total Financial Liabilities	102,479	-	-	-	102,479
30 June 2011					
Financial Assets:					
Cash and Cash Equivalents	26,844	26,844	-	-	-
Trade and Other Receivables	122,253	122,253	-	-	-
Total Financial Assets	149,097	149,097	-	-	-
Financial Liabilities:					
Trade and Sundry Payables	63,338	-	-	-	63,338
Bank Loans and Overdrafts	32,000	-	-	-	32,000
Lease Liabilities	1,311	-	-	-	1,311
Other Financial Liabilities	5,000	-	-	-	5,000
Total Financial Liabilities	101,649	-	-	-	101,649

Note 31: Financial Instruments (continued)

(b) Derivative Financial Instruments

Forward Foreign Exchange Contracts

The consolidated entity has a number of outstanding contracts with a supplier that trades in United States Dollars. The consolidated entity has entered into forward foreign exchange contracts to hedge the exchange rate risk arising from these anticipated future transactions, which are designated as cash flow hedges. The following table details the cash flow hedges outstanding at the end of the reporting period.

	Exchange Rate		Foreign Currency		Notional Value		Fair Value	
Outstanding Cash Flow Hedging Instruments	2012	2011	2012 US$000	2011 US$000	2012 US$000	2011 US$000	2012 US$000	2011 US$000
Buy Contracts:								
Less than 3 months	1.0095	-	1,667	-	1,651	-	(12)	-
Less than 3 months	1.0079	-	8,985	-	8,914	-	(70)	-
Less than 3 months	1.0062	-	5,420	-	5,387	-	(43)	-
Less than 3 months	1.0045	-	1,517	-	1,510	-	(13)	-
Less than 3 months	1.0032	-	7,622	-	7,598	-	(64)	-
Less than 3 months	0.9935	-	10,815	-	10,886	-	(240)	-
3 to 6 months	1.0005	-	7,962	-	7,958	-	(70)	-
3 to 6 months	0.9975	-	7,127	-	7,145	-	(66)	-
							(578)	-

(c) Net Fair Values

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

	2012		2011	
	Carrying Amount $000	Net Fair Value $000	Carrying Amount $000	Net Fair Value $000
Financial Assets:				
Cash and Cash Equivalents	45,165	45,165	26,844	26,844
Loans and Receivables	139,677	139,677	122,253	122,253
Total Financial Assets	184,842	184,842	149,097	149,097
Financial Liabilities				
Bank Loans and Overdrafts	-	-	32,000	32,000
Trade and Other Payables	102,479	102,479	63,338	63,338
Deferred Revenue	18,770	18,770	14,377	14,377
Lease Liabilities	-	-	1,311	1,311
Other Financial Liabilities	-	-	5,000	5,000
Total Financial Liabilities	121,249	45,165	116,026	116,026

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 32: Auditors' Remuneration

	Consolidated Entity 2012 $	Consolidated Entity 2011 $
Auditor of the Parent Entity:		
Audit or Review of the Financial Report	248,900	265,000
Other Non-Audit Services	93,550	-
Taxation Services	34,020	-
	376,470	265,000
Auditor of Subsidiaries:		
Audit or Review of the Financial Report	54,000	26,800

Note 33: Business Combinations

During the year ended 30 June 2012, the consolidated entity did not acquire any businesses.

In the prior period, RCR Energy Ltd entered into a conditional agreement to acquire the business and nominated assets of AE&E Australia Pty Ltd on 24 May 2011. The consideration transferred for the acquisition comprised $2,464,000 in cash and $5,000,000 in deferred consideration. Further details on the prior year acquisition are set out below.

On 30 June 2011, the acquisition was completed with RCR acquiring intellectual property and technologies, along with key data relating to AE&E Australia's previous installations and maintenance services, which will further enhance the capability of RCR's Energy business. RCR also acquired various items of fixed assets including plant and equipment associated with the business. RCR did not acquire any project liabilities which AE&E Australia held prior to it being sold.

(a) Businesses Acquired

The consolidated entity did not acquire any businesses during the year ended 30 June 2012. In the prior period, the consolidated entity acquired the business and assets of AE&E Australia Pty Ltd. Details of this transaction was:

	Date of Acquisition	Consideration Transferred $000
AE&E Australia Pty Ltd	30 June 2011	7,464

(b) Consideration Transferred

	Note	2012 $000	2011 $000
Payment for Business Acquisition	24(b)	-	2,464
Contingent Consideration Liability (i)	19	-	5,000
		-	7,464

(i) Under the terms of the Business Asset and sale Agreement of 24 May 2011, RCR was required to pay AE&E Australia Pty Ltd a contingent consideration amount based on a formula which measured the value delivered from contracts won during the period 1 July 2011 to 30 April 2012. The contingent consideration was capped to $5,000,000 which represented the estimated fair value of the future obligations at acquisition date. This contingent consideration was released in the year ended 30 June 2012.

Note 33: Business Combinations (continued)

(c) Fair Value of Net Assets Acquired at the Date of Acquisition	Note	2012 $000	2011 $000
NON-CURRENT			
Intangibles	12	-	12,700
Property, Plant and Equipment	11	-	677
CURRENT LIABILITIES			
Provision for Warranty		-	(1,000)
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities	16(a)	-	(1,260)
Fair Value of Net Assets Acquired		-	11,117

On 24 May 2011, RCR Energy Ltd entered into a Business and Asset Sale Agreement to acquire only the business and assets of AE&E Australia Pty Ltd. This acquisition was completed on 30 June 2011. RCR Energy created a provision upon acquisition in relation to warranty claims and rectification work. This warranty provision was released in the year ended 30 June 2012 as there was no longer an obligation to pay for potential costs to fix plant and equipment delivered by AE&E Australia Pty Ltd.

(d) Acquisition Related Costs

Acquisition related costs amounting to $65,000 have been excluded from the consideration transferred and have been recognised as an expense in the year, within the 'Administrative Expenses' line item in the statement of comprehensive income.

(e) Gain from Acquisition of Business	Note	2012 $000	2011 $000
Consideration Transferred		-	7,464
Less: Fair Value of Net Assets Acquired		-	(11,117)
Gain from Acquisition of Business	2	-	(3,653)

The gain arose from the valuation of intellectual property acquired was supported by independent assessment.

Note 34: Events After The Balance Sheet Date

No matter or circumstance has arisen since 30 June 2012 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 35: Parent Entity Disclosures

	Parent Company 2012 $000	Parent Company 2011 $000
(a) Financial Information		
Income/(Loss) for the Year	2,100	(5,736)
Other Comprehensive Loss	(578)	-
Total Comprehensive Income/(Loss)	1,522	(5,736)
ASSETS		
Current Assets	27,829	51,836
Non-Current Assets	112,210	117,164
Total Assets	140,039	169,000
LIABILITIES		
Current Liabilities	5,814	8,786
Non-Current Liabilities	5,265	29,561
Total Liabilities	11,079	38,347
EQUITY		
Issued Capital	114,678	119,409
Reserves	3,390	2,452
Retained Earnings	10,892	8,792
Total Equity	128,960	130,653

	2012 $000	2011 $000
(b) Guarantees Entered Into by the Parent Entity in Relation to the Debts of its Subsidiaries		
Guarantee provided under the deed of cross guarantee	143,750	100,672

RCR Tomlinson Ltd has entered into a deed of cross guarantee with a number of its subsidiaries listed in Note 10.

Note 36: Company Details

The registered office of the Company as at 30 June 2012 is:

RCR Tomlinson Ltd
Level 6, 251 St George Terrace
Perth WA 6000

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 2012 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;

(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; and

(e) there are reasonable grounds to believe that the Company and the companies who are a party to the Deed of Cross Guarantee, as detailed in Note 10, will be able to meet existing or future obligations or liabilities to which they are, or may become subject to by virtue of the Deed of Cross Guarantee.

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 22nd day of August 2012

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the members of RCR Tomlinson Limited

Report on the Financial Report

We have audited the accompanying financial report of RCR Tomlinson Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 67 to 116.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the consolidated financial statements comply 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. Those 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 company's preparation of the financial report that gives a true and fair view, 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of RCR Tomlinson Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

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

   (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 36 to 52 of the directors' report for the year ended 30 June 2012. 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.

Opinion

In our opinion the Remuneration Report of RCR Tomlinson Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants
Perth, 22 August 2012

Shareholding Information

The following shareholder information is provided as at 29 August 2012.

RCR's Top Twenty Shareholders

Registered Shareholder	Fully Paid Ordinary Shares	Percentage of Total Shares
National Nominees Limited	20,943,491	15.69
HSBC Custody Nominees (Australia) Limited	12,546,833	9.40
Citicorp Nominees Pty Limited	10,481,542	7.85
RBC Investor Services Australia Nominees Pty Limited <PI Pooled A/C>	8,798,470	6.59
J P Morgan Nominees Australia Limited	6,487,662	4.86
BNP Paribas Noms Pty Ltd <Master Cust DRP>	5,380,522	4.03
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	3,225,323	2.42
JP Morgan Nominees Australia Limited <Cash Income A/C>	2,854,199	2.14
Zero Nominees Pty Ltd	2,481,355	1.86
Dr Paul Dalgleish[1]	2,399,047	1.80
Ms Anita Lee Hogan	2,250,853	1.69
Mr Joshua Kane Hogan	2,250,000	1.69
AL Group Pty Ltd	2,061,325	1.54
Bond Street Custodians Limited <Celeste Concentrated Fund>	1,816,148	1.36
Jaylin Pty Ltd <Linden Super Fund A/C>	1,500,000	1.12
UBS Nominees Pty Ltd	910,013	0.68
MR Andrew John Walsh	804,166	0.60
Akir Pty Ltd	756,074	0.57
Narwee Pty Ltd	687,000	0.51
Bruce David McBeth + Ruth Ester McBeth + Ernst William Gartrell	604,038	0.45
Total Held by Top 20	89,238,061	66.86
Total Ordinary Fully Paid Shares on Issue	133,476,265	100

[1] Dr Dalgleish, held 1,399,047 shares in own name and 1,000,000 held by UBS Wealth Management Australia Nominees Pty Ltd.

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
Commonwealth Bank of Australia	12,542,976	9.41
Celeste Funds Management Limited	10,606,334	7.95
Westpac Banking Corporation Group	9,732,409	7.30
Perpetual Limited	9,369,309	7.03
Invesco Australia Ltd	7,994,196	6.00

Distribution Of Shareholdings –

There were 316 holders of less than a marketable parcel of ordinary shares. The number of shareholders by size of holding is set out below:

Fully Paid Ordinary Shares	Number of Shareholders	Number of Shares	Percentage of Issued Capital
1 - 1,000 shares	519	276,082	0.21
1,001 - 5,000 shares	1,150	3,385,502	2.54
5,001 - 10,000 shares	629	4,815,087	3.61
10,001 - 100,000 shares	725	19,793,864	14.85
100,001 and over shares	89	105,205,730	78.79
Total	3,112	133,476,265	100.00

Unquoted Options	No. of Employees Participating	Number of Options
Employee Options exercisable at $1.20 per share	46	502,500
CEO Options exercisable at $0.39 per share - Dr Paul Dalgleish	1	4,753,015
Total	47	5,255,515

Unquoted Performance Rights

4,055,109 Performance Rights are currently on issue to RCR employees under the terms of the RCR Long Term Incentive Plan as approved by Shareholders on 18 November 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.

On-Market Buy-Back

On 26 September 2011, the Board announced its intention to refresh its existing on-market share buy-back program. Subsequently, on 23 May 2012, the Board announced its intention to extend its on-market buy-back program by increasing the maximum number of RCR shares to be purchased to four (4) million shares. The buy-back is open for 12 months from 10 October 2011 to 9 October 2012, unless otherwise extended.

Investor Information

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).

Shareholder Enquiries

Shareholders can obtain information about their shares or dividend payments by contacting the Company's share registry:

Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace 6000
Perth, Western Australia

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

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	2012	2011	2010	2009	2008
Revenue	$M	808.7	607.2	545.6	589.4	518.5
Revenue Growth	%	33.2%	11.0%	(7.4)%	13.7%	42.0%
EBITDA	$M	51.5	39.9	31.2	34.8	40.0
EBITDA Margin	%	6.4%	6.6%	5.7%	5.9%	7.7%
EBIT	$M	36.3	26.1	14.5	17.7	25.0
NPBT	$M	34.3	22.0	10.6	12.2	19.4
NPAT	$M	27.3	19.5	17.5	14.0	17.9
EPS	Cents	20.5	14.8	13.3	11.1	14.7
Dividends per share	Cents	6.25	3.75	3.0	2.5	5.0
Net Assets	$M	223.5	207.5	190.8	185.7	176.5
Safety	LTIFR	0.65	0.78	1.11	1.93	1.91
Market Capitalisation	$M	235.3	215.8	109.4	75.5	87.3
Closing Share Price	$	1.79	1.63	0.83	0.60	0.75
Total Shareholder Returns – 1 year	%	13.34	102.41	42.50	13.30	62.21
Total Shareholder returns – 3 year rolling	%	217.00	131.33	(56.59)	(68.91)	9.43

Our History

RCR Tomlinson Ltd was established as a result of the merger of listed companies RCR Engineering Ltd and Centurion Industries Ltd in December 1996.

RCR Engineering Ltd was established in Western Australia in 1979 by Ron Stevens, Clive Butcher and Robert Wovodich to provide diversified fabrication and machining services to industry in the south-west region of Western Australia.

Centurion Industries Ltd was incorporated in Western Australia in 1985 to acquire the business, assets and property of Clyde Industries Limited's Welshpool site. This business traded under the name Tomlinson, the origins of which date back to 1896 – the year Ernest Tomlinson and his brother, Edward, established the engineering firm Tomlinson Bros. Tomlinson is one of the oldest engineering companies in Australia, and boilers manufactured under this name continue to be held in extremely high regard throughout the country.

Since listing on the ASX in 1996, RCR Tomlinson Ltd has undergone substantial and sustained growth to emerge as one of Australia's leading multi-disciplinary engineering firms, providing integrated solutions to a diverse client base throughout Australia and overseas, in the Mining, Energy, Resources and Power sectors.

Corporate Directory

ABN

81 008 898 486

Head Office 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

Deloitte Touche Tohmatsu
Level 14, 240 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

Paul Dalgleish – Managing Director

Eva Skira – Independent Non-Executive Director

Kevin Edwards – Independent Non-Executive Director

(Paul) David Paul Dippie –Independent Non-Executive Director

(Mark) Francis Mark Bethwaite – Independent Non-Executive Director

Managing Director & CEO

Paul Dalgleish

Chief Financial Officer

Andrew Walsh

Company Secretary

Darryl Edwards

Key Offices

For a full list of offices, please refer to the RCR website.

Australia

Corporate Office:

Level 6, 251 St Georges Terrace
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Ph: +61 8 9355 8100
enquiries@rcrtom.com.au

Branch Office:

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RCR used recycled chlorine-free greenhouse friendly paper for the printing of this Annual Report

RCR Limited Tomlinson

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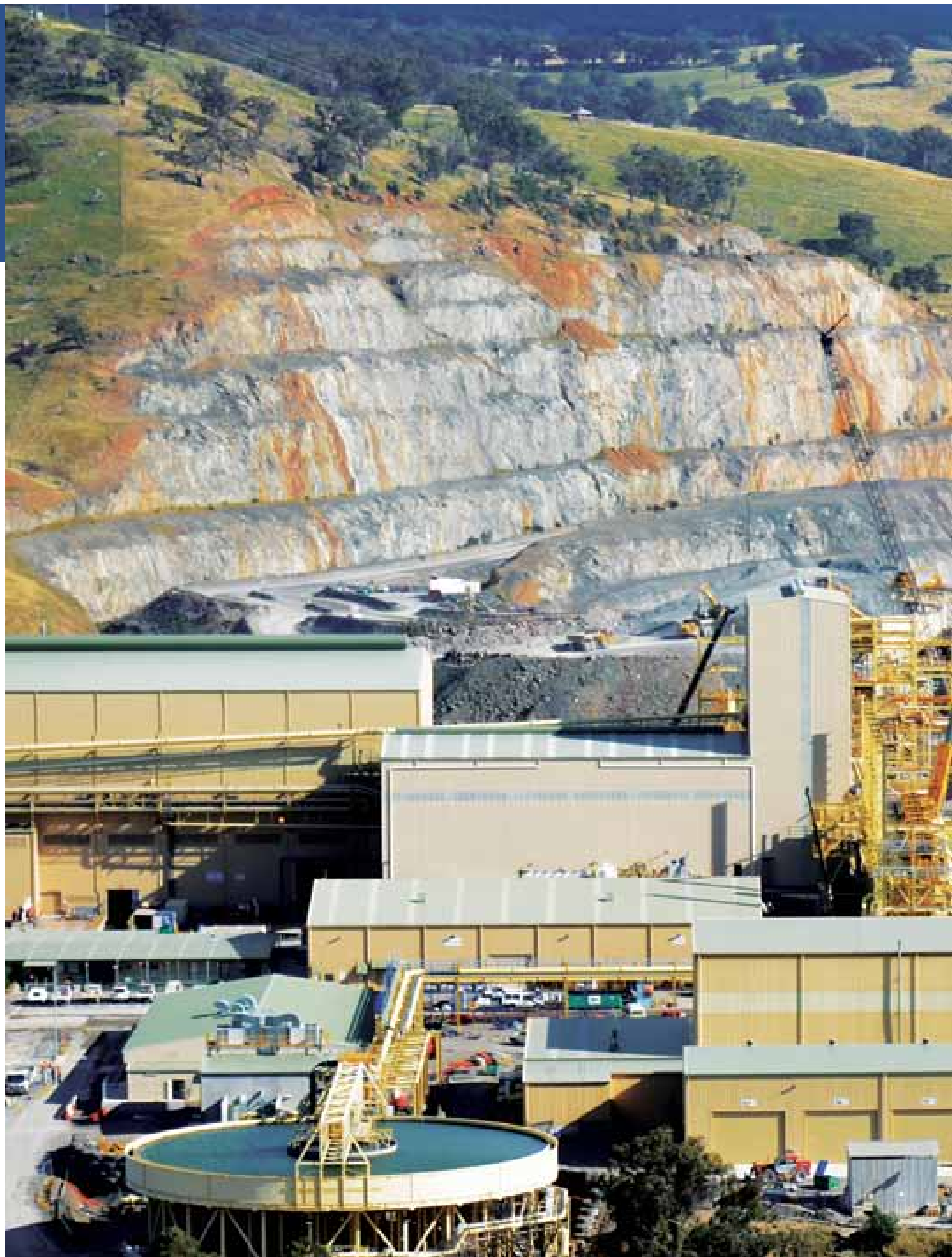
Insight Communication & Design



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