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Front cover | Austal's 102 metre Next Generation Trimaran.

Above | 107 metre Vehicle-Passenger Catamaran, "Jean de la Valette" during sea trials with Austal's Next Generation Trimaran.

"Jean de la Valette" was handed over to Virtu Ferries in August 2010.



2010/2011 CALENDAR OF EVENTS

Annual General Meeting

The Annual General Meeting of shareholders will be held at 3.00pm on 22 October 2010 at the Fremantle Sailing Club, "Success Harbour", Marine Terrace, Fremantle, Western Australia.

Dividend Payment

The final dividend will be paid to shareholders on 7 October 2010 to those registered at 5pm on 23 September 2010.

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The Directors' Report, Concise Financial Report and Independent Audit Report contained within this document represent a Concise Report.

The 2010 Concise Report has been derived from Austal Limited's 2010 Annual Report. The financial statements included in the Concise Report cannot be expected to provide as full an understanding of Austal Limited's financial performance, financial position and financing and investing activities as that provided by the 2010 Annual Report.

2010 Annual Report

A copy of Austal Limited's 2010 Annual Report, together with the Independent Audit Report and Corporate Governance Statement, is available to all shareholders and will be sent to shareholders without charge upon request. The financial statements can be requested by telephone on +61 8 9410 1111.

CHAIRMAN'S REPORT



This year's earnings demonstrate that Austal's underlying business strategy continues to perform well amidst the ongoing challenges presented by the aftermath of the global financial crisis. The high Australian dollar and international market conditions, particularly in the important European market, combined to greatly impede Austal's ability to export its products during this period.

Operators within Austal's traditional high speed commercial ferry market were among those most affected by the global financial crisis, which resulted in the slowing of sales at our Australian operations. However, the strategic decision to diversify the company's product offering and expand the company's manufacturing presence into the US is now reaping rewards in the face of these challenges.

Our involvement in two major US defence programmes, which have proven less susceptible to economic conditions, is the best example of the benefits of such a strategy. The company's success in winning the US Department of Defense's Joint High Speed Vessel (JHSV) 10 ship programme is a boost for our Alabama shipyard. All the current signs are that the programme will be extended to much larger numbers in the near future.

The first Austal Littoral Combat Ship was delivered to the US Navy in the past year and is performing extremely well. A second ship is currently under construction and as the total programme is for more than 50 vessels, opportunities for winning multiple vessel orders for this ship are strong.

The recent completion of a new 34,000m² Modular Manufacturing Facility (MMF) at our US facility means Austal is well positioned to capitalise on these major military programmes through faster, more cost-effective construction of both JHSV and LCS components.

The past year has also seen Austal maintain a deliberate, ongoing strategy to target the long-term, predictable income streams offered by multiple-vessel military constructions such as those previously mentioned and multi-year vessel maintenance contracts.

This strategy attempts to counter the traditionally lumpy income streams associated with shipbuilding while delivering a level of visibility and predictability that is unparalleled in Austal's history. The significant growth in Austal's vessel maintenance and service business is further evidence of the strategy's success as this unit is now a major business entity within the company.

The establishment of strategically located service hubs in regions such as the Middle East, Asia, Europe and the Caribbean has increased market penetration. Importantly, vessel maintenance and service contracts typically span up to five years, delivering a long-term, predictable income stream independent of our shipbuilding order book.

Although the commercial ferry market continues to feel the effects of the global financial crisis, Austal was successful in securing new orders for both passenger and vehicle passenger ferries during the year. These contracts underline the company's ongoing commitment to the commercial market and also point to a recovery in the sector. The recent rationalisation of Austal's Australian operations will deliver further efficiencies moving forward in line with market demand.

Whilst the current economic conditions continue to present challenges across Austal's markets, the company remains focussed on delivering growth opportunities through international expansion and product diversification.

As we enter a new and exciting phase of consistent and predictable growth, I wish to thank our staff and shareholders for their ongoing support.

A handwritten signature in black ink, appearing to read 'John Rothwell', written over a horizontal line.

JOHN ROTHWELL AO
CHAIRMAN

Right | Three 30m Fast Patrol Craft delivered to the Government of the Republic of Trinidad & Tobago, are flanked by four 21m Inshore Patrol Craft delivered to the Armed Forces of Malta. All seven vessels were delivered during 2010.

The past year has also seen Austal maintain a deliberate, ongoing strategy to target the long-term, predictable income streams offered by multiple-vessel military constructions...



OPERATING AND FINANCIAL OVERVIEW

The Group operating profit after tax for the year was \$37.132 million compared with the previous year of \$9.166 million. Revenue has increased by \$29.946 million over the previous year while operating profit before tax has increased by \$41.380 million.

Revenue from Austal's US operations increased by 17.9% over 2009, to \$267.3 million. The EBIT contribution from the US operations improved substantially, from an operating loss of \$24.712 million in 2009, to a positive EBIT contribution of \$23.722 million in 2010. This significant improvement in performance was achieved through the maturing of US manufacturing operations, with the Modular Manufacturing Facility beginning to reach design throughput levels. This level of contribution from Austal USA is expected to continue and indeed grow as further operational efficiencies are achieved.

The revenue from Austal's Australian operations decreased by \$47.578 million compared to 2009 due to the continued impact of global economic conditions, resulting in less work volume awarded and completed in 2010. Further contributing to this result was that the stock vessels were not sold during the year as previously expected. The EBIT result for the Australian operations was \$27.6 million which was a 14% improvement over the previous period.

Importantly, Austal's USA business is now providing the Group with a level of diversification in its earnings which is in part offsetting the impact of global economic conditions.

FINANCIAL SUMMARY

Year ended 30 June	2010 \$'000	2009 \$'000
Revenue*	520,150	490,204
EBITDA	67,159	9,593
Depreciation, Amortisation & Impairment	(14,428)	(8,076)
EBIT	52,731	1,517
Net Interest (Paid)/Received	(1,574)	8,260
Operating Profit Before Tax	51,157	9,777
Tax Expense	(14,025)	(611)
Operating Profit After Tax	37,132	9,166
% EBIT/Revenue	10.1	0.3
Basic Earnings Per Share (cps)	20.3	5.0
Net Assets	269,365	235,735
Return on Equity (%)	13.8	3.9

* Excludes interest and other income

AUSTRALIAN OPERATIONS

This year the decision was made to rationalise our Australian operations. Although the rationalisation will unfortunately result in the closure of our Tasmanian operations in September, it is an important part of ongoing efforts to improve the efficiency and effectiveness of our Australian operations, within which our continued focus on improved productivity and cost management is resulting in greater throughput capability.

Although challenging economic conditions slowed sales at our Australian facilities, we were pleased to secure two new commercial contracts during the year. These consisted of four, 41 metre high speed passenger ferries for the Republic of Trinidad and Tobago and two, 47 metre ferries for repeat Austal customer L'Express des Iles in Guadeloupe. Considering the current global economic climate, this achievement was a tremendous endorsement of Austal's ability to fulfil its customers' commercial needs with affordable, quality products.

Reflecting the company's strategy of building longer term, more predictable income streams has been the growth of Austal's vessel maintenance and support offering. The past year has seen Austal establish dedicated international service hubs in Egypt, Trinidad and Tobago, Oman, Hong Kong, Saudi Arabia and Spain.

Multi-year service contracts announced this year include a five year package with the Trinidad and Tobago Government, as well as similar contracts with the Egyptian Government and Oman's National Ferries Company. The result has been a \$30.783 million increase in service related revenue compared to last year.

In the defence sector, Austal's Australian operations successfully completed the company's first European military contract with the delivery of four, 21.2 metre inshore patrol craft for the Armed Forces of Malta. This was closely preceded by the delivery of six, 30 metre fast patrol craft for the Trinidad and Tobago Coast Guard. There continues to be strong interest in Austal's brand of lightweight, high speed aluminium vessel technology within the patrol boat market.

Recently completed at our Western Australian facility during the year has been the next generation 102 metre trimaran vehicle ferry which, as previously reported, the company has built on speculation. This state-of-the-art vessel exceeded performance expectations during sea trials, reinforcing the ability of Austal's R&D team to deliver vessels that set new standards in the industry. We continue to field strong interest in the vessel, particularly from Europe and Asia, and remain confident that the vessel will sell in coming months.

Meanwhile, construction continues on a 107 metre vehicle ferry for Virtu Ferries and a 113 metre vehicle ferry for Nordic Ferry Services, where increased automation within the manufacturing process is delivering improved efficiencies at our Western Australian facility.

USA OPERATIONS

Austal's US facility in Mobile, Alabama celebrated a number of major milestones during the year. Among these were the delivery of the company's first US Navy Littoral Combat Ship (LCS), the opening of its state-of-the-art Modular Manufacturing Facility and the start of construction on the first Joint High Speed Vessel.

An historic commissioning ceremony for the US Navy's 127 metre Austal-designed and built LCS, "USS Independence" was held near Austal's US facility in January and was attended by thousands of delegates and spectators. By utilising Austal's advanced trimaran hull form, this new generation combat ship represents a technological leap in naval warfare. Construction of a second LCS "USS Coronado" is now underway and labour costs are already running at 30 per cent less than the first vessel as a result of having a mature design in place. The vessel remains on track for delivery in 2012.

Austal is currently one of two competitors in contention for the award of a contract to build the next 10 LCSs, with the US Navy expected to announce the winner by September 2010.

Our US facility also recently commenced construction on the first of the US Department of Defense's high speed support vessels – the Joint High Speed Vessel (JHSV). As the sole supplier of a vessel that may expand into a 40-ship class, Austal currently has contracts in hand to build the first three of these



Above | Austal's facilities in Henderson, Western Australia.

103 metre JHSVs. Together with receiving orders for JHSV 2 and 3 during 2010, the US Navy has also funded the acquisition of long lead-time materials for JHSV 4 and 5, in a strong indication that the options will be exercised in the coming year.

In order to best position ourselves to capitalise on these US military programmes, Austal USA recently upgraded its production capacity with the opening of a new 34,000m² Modular Manufacturing Facility (MMF). The new facility allows faster, more cost effective vessel construction, and gives Austal USA the capability for multiple and concurrent LCS and JHSV vessel programmes. Once operating at maximum efficiency, the facility will allow Austal to deliver two, 103 metre JHSVs and two, 127 metre LCSs per year.

ENVIRONMENTAL PERFORMANCE

In response to the international focus on climate change and the need to reduce carbon and other greenhouse gas emissions we have continued to devote significant resources to the development of more efficient vessels with a smaller environmental footprint. Initiatives that are currently being pursued include medium speed ferries that combine Austal's light weight aluminium technology with highly fuel efficient engines, the use of LNG and CNG fuels, reduction in on board electrical load through power saving and power substituting technologies, and the use of more hydro-dynamically efficient hull forms. In the US, Navy fuel utilisation profile comparison of the competing LCS designs indicates that at speeds above 16 knots, the Austal vessel consumes up to 64% less fuel than the Lockheed Martin-built vessel, representing dramatic proof of the company's leadership in carbon reduction efforts.

SAFETY PERFORMANCE

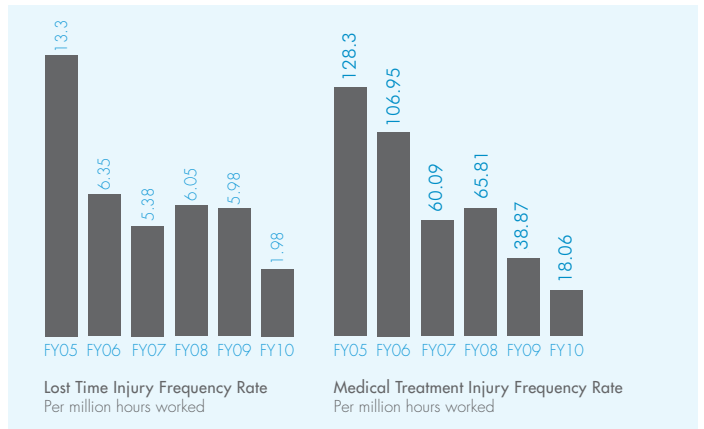
This year saw Austal achieve both Lost Time Injury Frequency Rates (LTIFR) and Medical Treatment Injury Frequency Rates (MTIFR) at record low levels in contrast to the frequency rates in the previous year. LTIFR for Austal over the last 5 years has typically been at levels between 5 and 6.5. Our refocus on safety has seen new initiatives for Austal introduced and while maintaining a focus on the workplace culture and ramping up behavioural programmes, we have embarked on a more systematic approach. The results are very encouraging, especially given the rapidly expanding workforce in the US Operations which brings with it the challenges of new people, inexperienced in Austal's systems and processes, to our industry and to the hazards in the marine manufacturing environment.

OCCUPATIONAL SAFETY AND HEALTH POLICY

Austal's Occupational Safety and Health (OSH) Policy focuses on safe people, safe practices and safe work environments and promotes a workplace culture that raises awareness of individual responsibility for safety and health. Austal's safety culture is achieved when these components are recognised and budgeted in conjunction with strong leadership.

SAFE PEOPLE

This year has seen the nomination of employees in various Safe Work Awards for their safety innovations and the implementation of monthly recognition awards for safety. Austal Ships, the Australian manufacturing facility has been recommended to WorkSafe Western Australia for a Silver Certificate of Achievement under the WorkSafe Plan Assessment, a 3rd party assessment process. The US Operations received two awards from the Ship Builders Council of America for Excellence and its Improvement in Safety Performance.



At Austal the safety of our people is at the forefront of everything we do. Our goal is Zero Harm and we work hard in an effort to achieve this every day.

OUTLOOK

Austal can look ahead to future earnings with a level of visibility and predictability that is unparalleled in the company's history, underpinned by an ongoing strategy to target long term, predictable revenue streams offered by multiple-vessel military construction and multi-year vessel maintenance contracts.

Success in both the US Navy's LCS programme and the potential expansion of the US Department of Defense's JHSV programme would see Austal charged with building one third of the US Navy's future fleet. This would result in an order book in excess of \$2 billion by the end of 2012. Austal has already been selected as sole supplier of the JHSV and is expected to be awarded contracts for an additional two vessels during 2011. Options currently remain for an additional seven JHSVs to be exercised between FY2011 and FY2013. The total value of the 10-vessel contract is approximately US\$1.6 billion. Importantly, the programme is expected to deliver a predictable revenue stream of US\$320 million per annum from 2012 to 2015, which equates to approximately 60 percent of Austal's historical revenue.

With dedicated service hubs now established worldwide we can also expect continued growth in the vessel maintenance and support markets which further complement the company's predictable, multi-year income stream strategy.

As of 30 June 2010, contracts on hand to be completed across the 2011 to 2012 financial years amounted to \$923 million.

Although challenges remain in many of Austal's traditional export markets as a result of current economic conditions, the successful execution of a strategy embarked upon several years ago has successfully positioned Austal to deliver consistent shareholder value.

ROBERT BROWNING
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

PROFILE OF DIRECTORS



JOHN ROTHWELL

AO – Non Executive Chairman

Director since 9 October 1987
Last elected: 22 October 2007

MICHAEL ATKINSON

CA (ZIM), CA (SA) - Executive
Director, Finance & Company
Secretary

Director since 14 September 1994
Last elected: 21 October 2008

CHRISTOPHER NORMAN

B.Eng (Hons) - Non Executive
Director

Director since 9 October 1987
Last elected: 23 October 2009

With in excess of 30 years experience in boat and shipbuilding, John has played a major role in the development of the Australian aluminium shipbuilding industry and is a Founding Director of Austal.

In June 2004, John was appointed a Council member of the Australian National Maritime Museum and became Chairman of the Capital Works Committee of that organisation in November 2005. In January 2004, John was appointed an Officer of the Order of Australia for services to the Australian shipbuilding industry through the development of trade links and for significant contributions to vocational education and training. In October 2002, John was named the Ernst & Young "Australian Entrepreneur of the Year".

John stepped down as Executive Chairman and Chief Executive Officer on 22 August 2008 to continue as Non Executive Chairman.

Michael joined Austal in 1990 as Financial Controller and was appointed to the Board in 1994. He is a qualified Chartered Accountant with 10 years experience in the accounting profession. On leaving the profession, he entered the railway and construction industry where he served in a senior financial capacity and as a Board member.

Chris is one of the Founding Directors of Austal. He graduated from the University of New South Wales in 1986 with first class honours in Naval Architecture and has previously been Austal's Technical Director. He has been a driving force in the technical and marketing success of the company and, with extensive experience in international marketing and sales, held the position of Sales Director between 1993 and 2002.

In May 2000, Christopher was awarded the prestigious A.G.M. Michell Award in recognition of outstanding service in the profession of Mechanical Engineering.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares of Austal Limited were:

	Number of Ordinary Shares		Number of Shares held in AGMSP*
	Direct	Indirect	
John Rothwell	33,974,685	-	-
Michael Atkinson	1,415,737	-	285,062
Christopher Norman	26,595,621	6,600	-
John Poynton	10,000	-	-
Robert Browning	20,000	-	3,000,000
Dario Amara	50,000	-	-

* This represents the number of shares (in substance options) held in the Austal Group Management Share Plan (AGMSP). There were no additional ordinary shares issued or options granted and exercised between the balance sheet date and the date of this report.



JOHN POYNTON

B.Com, SF Fin, FAIM, FAICD -
Independent Director

Director since 24 August 1998
Last elected: 23 October 2009

ROBERT BROWNING

MSc, MBA, FAIM – Managing
Director & Chief Executive Officer

Director since 2 September 2003
Last elected: 22 August 2008

DARIO AMARA

B.Eng (Distn), FIEAust, CPEng -
Independent Director

Director since 16 August 2005
Last elected: 21 October 2008

IAN CAMPBELL

Independent Director

Appointed 1 August 2007
Last elected: 22 October 2007

John is a Co-Founder and Executive Chairman of Azure Capital. He is the Deputy Chairman of Austal Limited and is a Non-Executive Director of Burswood Ltd. He is a Member of the Council of Celebrate WA and of Social Ventures Australia. John is also a Member of the Board of the Business School at the University of Western Australia, where he also serves as Adjunct Professor of Financial Services.

Previously, John was a Chairman of ASX Perth, Fleetwood, Alinta and West Australian Museum Foundation; Director of Multiplex; Member of the Higher Education Endowment Fund Advisory Board and Payments System Board of the Reserve Bank of Australia.

John is a Senior Fellow of the Financial Services Institute of Australasia (FINSIA), and a Fellow of the Australian Institute of Company Directors (AICD) and Australian Institute of Management (AIM).

John is a Member in the General Division of the Order of Australia and is a past recipient of a WA Citizen of the Year award in the industry and commerce category.

John holds a Bachelor of Commerce and an honorary Doctor of Commerce from the University of Western Australia.

Robert was Chief Executive Officer of Alinta Limited from March 2001 to 8 April 2007.

He holds a Bachelor of Science degree from San Diego State University, an MBA from the University of Phoenix and a Master of Science from Massachusetts Institute of Technology, Sloan School of Management.

Robert held the position of Independent Director from 2 September 2003 until his resignation on 31 July 2007 to take up the position of Chief Executive Officer with Austal USA LLC. On 22 August 2008, Mr Browning rejoined the Board and was appointed to the position of Managing Director & Chief Executive Officer.

Dario is founder and Group Chief Executive Officer of Emerson Stewart Group Limited, an engineering, geospatial, project implementation and consultancy group based in Perth.

He has 30 years of Australian and International experience covering both the engineering and construction sectors, and has been involved in a number of senior leadership roles. He has a record of achievement in establishing, growing and rejuvenating businesses and strategic leadership. He is a graduate from the Curtin University of Technology.

He is currently Non Executive Chairman of Mission New Energy Limited and Chairman of Heritage Perth. He has also served as Chairman of the West Australian Opera Company, the Art Gallery of Western Australia and as a board member of the Perth International Arts Festival.

Ian has had a distinguished 17 year career as a Senator for Western Australia in the Australian Federal Parliament.

As Parliamentary Secretary to the Treasurer for 4 years, Ian initiated the Corporate Law Economic Reform Programme including legislating to move Australia to International Financial Reporting Standards, reform of Accounting and Audit oversight institutional arrangements, takeovers and fundraising provisions.

He is a former Member of Federal Cabinet where he held the portfolios of Environment and Heritage and Human Services. He also served as Minister for Local Government, Territories and Roads.

He is a Non Executive Chairman of Enerji Limited and a Director of Solco Ltd, ASG Group Ltd and Proto Resources and Investments Ltd. He is also Chairman of Princess Margaret Hospital Foundation and WA 2011 Pty Ltd, the organiser of the ISAF World Sailing Championships in Fremantle in 2011

Unless otherwise indicated all Directors held their position as a Director throughout the entire financial year and up to the date of this report.

The maximum term of office for a Director on the Austal Board is three years, with the exception of the Managing Director who is exempted from retirement by rotation. Each year the longest serving one third of the Board must retire from office. A retiring Director is eligible for re-election.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities during the year of entities within the consolidated entity were the design and manufacture of high performance vessels. These activities are unchanged from the previous year.

RESULTS

The profit of the consolidated entity for the financial year was \$37.132 million after income tax (2009: 9.166 \$million).

OPERATING AND FINANCIAL REVIEW

A review of the operations and financial position of the consolidated entity is outlined in the Operating and Financial Overview on page 4.

DIVIDENDS

A fully franked final dividend of \$11.284 million (6 cents per share) (2009: \$11.284 million being 6 cents per share) has been declared for the year ended 30 June 2010 to be paid on 7 October 2010.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were no significant events occurring after year end requiring disclosure.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

A general discussion of the group outlook is included in the Chairman's Report on page 2 and the Operating and Financial Overview on page 4.

SIGNIFICANT CHANGES IN THE STATE OF THE AFFAIRS

A review of the significant changes in the state of affairs of the consolidated entity is outlined in the Operating and Financial Overview on page 4.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity has a policy of at least complying with, but in most cases exceeding, environmental performance requirements. No environmental breaches have been notified by any Government Agency during the year ended 30 June 2010.

SHARE OPTIONS

As at the date of this report, there were 3,874,402 un-issued ordinary shares under options. There were no options exercised during the year.

TOTAL NUMBER OF EMPLOYEES

As at 30 June 2010, the consolidated entity employed a total of 2,452 full-time equivalents (2009: 2,065 full-time equivalents).

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

An indemnity agreement has been entered into between the parent entity and each of the directors named in this report. Under the agreement, the company has agreed to indemnify those directors against any claim to the extent allowed by the law, for any expenses or costs which may arise as a result of work performed in their respective capacities.

During the financial year, the parent entity has paid premiums in respect of a contract insuring the directors and officers of the consolidated entity in respect of liability resulting from these indemnities. The terms of the insurance arrangements and premiums payable are subject to a confidentiality clause.

REMUNERATION REPORT (Audited)

This Remuneration report outlines the remuneration arrangements in place for Directors and Executives of Austal Limited (the Company) and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the Chief Executive, senior executives and general managers and secretaries of the Parent and the Group.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors reviews the remuneration of all Directors and makes recommendations to the Board.

REMUNERATION POLICY

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating Directors and Key Executives fairly and appropriately with reference to relevant employment market conditions. Other than the variable component and the share option plan, the remuneration policy is not linked to company performance.

Objective

The Company aims to reward executives and senior managers with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to:

- attract and retain exceptional employees ('key employees') that have the capacity to significantly impact the growth and profitability of the Company;
- align key employees' behaviour towards the growth and profitability objectives of the Company; and reward key employees for sustained contributions to business success.

Structure

The non executive directors receive fixed remuneration, in the form of salary and fees. However, they do not receive retirement benefits, nor do they participate in any incentive programs.

The remuneration for the executives consists of fixed remuneration, being base salary, superannuation and non-monetary benefits and variable remuneration as listed below. No element of fixed remuneration is linked to performance conditions.

To encourage the retention of employees, KMP who are not directors of the Australian companies participate in an annual bonus which takes into account length of service and profits earned by the Australian enterprises. The bonus vests and is paid dependent on the employees being employed at the end of December of each year. The bonus is paid at the discretion of the Nomination and Remuneration Committee. 100% of the cash bonuses vested with the executives was paid during the financial year.

Similarly, KMP who are not directors of Austal USA participate in an annual bonus programme. Two forms of bonus opportunities exist: one form for the production workforce and one form for administration and management. Bonuses to the production workforce are tied to achievement of the performance objectives of Austal USA, reduction of waste, and safety and attendance measures. Bonuses to administration and management are tied to achievement of the financial objectives of Austal USA, specific growth initiatives, productivity improvement initiatives, customer satisfaction measures and employee satisfaction measures. These measures were chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long term value.

Goals for each of the preceding categories are established at the beginning of each financial year for each participant and bonuses are paid at the conclusion of that year dependent upon the level of achievement of these goals. Such bonuses are reviewed and approved by the Nomination and Remuneration Committee. 100% of the cash bonuses vested with the executives and paid during the financial year.

Ex gratia bonuses are paid to executives in certain circumstances for exceptional performance as determined by the CEO. These bonuses vest immediately.

SHARE OPTION PLAN

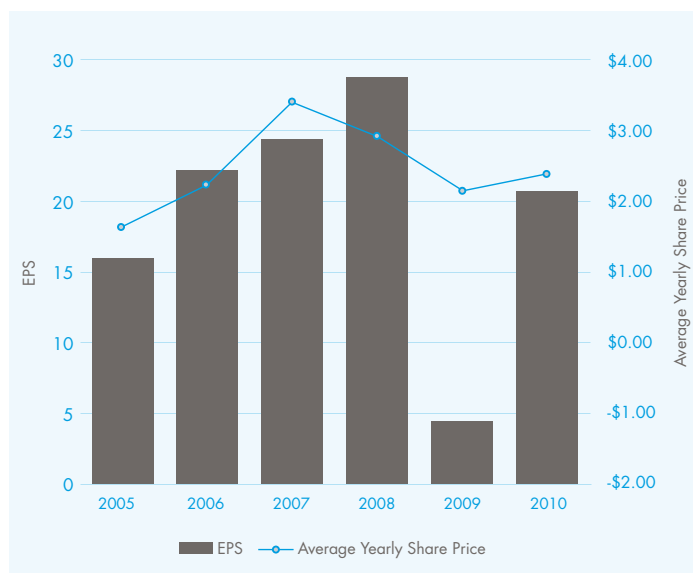
Objective

The Share Option Plan aims to reward executives and senior managers with the issue of share options commensurate with their position and responsibilities within the Company so as to:

- attract and retain exceptional employees ('key employees') that have the capacity to significantly impact the growth and profitability of the Company;
- align key employees' behaviour towards the growth and profitability objectives of the Company; and reward key employees for sustained contributions to business success.

Group performance

The graph below shows the performance of the Company as compared to the movement in the Company's earnings per share over time.



Structure

The share options are granted to executives and senior managers based on the eligibility criteria set by the Remuneration Committee. Eligibility for the plan will be linked to employee performance. The exercise of the options will vest after 3 years subject to meeting the company performance criteria.

Performance hurdle

The Company uses a relative Total Shareholder Return (TSR) as the performance hurdle for the share option plan. Relative TSR was selected as the share option plan performance hurdle as it ensures an alignment between comparative shareholder return and reward for executives.

The Company's performance against the hurdle is determined by comparing the TSR against the return of the Small Industrials Accumulation Index (or another appropriate index) for the three year period commencing on 1 July prior to the grant date. If the TSR does not exceed the return of the Small Industrials Accumulation Index for a particular three year period, the series of options issued at that grant date would lapse.

In relation to the options issued on the 3 November 2009, the options vest if the TSR of Austal Limited exceeds 25% for the period 1 September 2009 to 31 August 2012. The percentage vesting reduces on a sliding scale if the TSR is below 25%, until no options vest if the TSR is below 5%.

Below | Austal's Next Generation Trimaran



DIRECTORS' REPORT

Continued

DETAILS OF KEY MANAGEMENT PERSONNEL INCLUDING GROUP AND COMPANY EXECUTIVES WHO RECEIVED THE HIGHEST REMUNERATION FOR THE YEAR ENDED 30 JUNE 2010

(i) DIRECTORS	(ii) EXECUTIVES
Mr John Rothwell	Non Executive Chairman
Mr Michael Atkinson	Executive Director & Company Secretary
Mr Christopher Norman	Non Executive Director
Mr John Poynton	Independent Director
Mr Robert Browning	Managing Director & Chief Executive Officer
Mr Dario Amara	Independent Director
Mr Ian Campbell	Independent Director
	Mr Joseph Rella
	Chief Operating Officer Austal USA
	Mr Greg Metcalf
	Chief Financial Officer – resigned 18 September 2009
	Mr Richard Simons
	Chief Financial Officer – appointed 1 February 2010
	Mr William Rotteveel
	General Manager Austal Image – resigned 6 July 2010
	Mr Mark Dummett
	Executive Manager Australian Operations
	Mr Andrew Bellamy
	Chief Operating Officer Australia – appointed 1 June 2010
	Mr Peter Hogan
	Chief Operating Officer Australia – resigned 10 December 2009

REMUNERATION OF KEY MANAGEMENT PERSONNEL INCLUDING GROUP AND COMPANY EXECUTIVES WHO RECEIVED THE HIGHEST REMUNERATION FOR THE YEAR ENDED 30 JUNE 2010

TABLE 1 : REMUNERATION FOR THE YEAR ENDED 30 JUNE 2010

	Short-Term		Non Monetary Benefits	Post Employment Superannuation	Sharebased Payment Options	Total	% Performance Related	Contract Terms Note
	Salary & Fees	Cash Bonus						
	\$	\$						
Non executive directors								
John Rothwell	416,666	-	-	-	-	416,666	-	2
Christopher Norman	85,000	-	-	-	-	85,000	-	1
John Poynton	90,000	-	-	-	-	90,000	-	1
Dario Amara	93,000	-	-	-	-	93,000	-	1
Ian Campbell	90,000	-	-	-	-	90,000	-	1
Sub-total non executive directors	774,666	-	-	-	-	774,666		
Executive directors								
Robert Browning	623,986	-	28,008	-	478,754	1,130,748	42.3	5
Michael Atkinson	364,105	-	-	-	15,346	379,451	4.0	2
Other key management personnel								
Joseph Rella	374,065	84,527	35,646	-	21,330	515,568	4.1	5
Greg Metcalf* #	344,347	-	-	5,812	11,290	361,449	3.1	3
William Rotteveel	231,682	9,050	-	18,847	15,615	275,194	5.7	3
Mark Dummett	254,285	9,760	-	23,377	21,648	309,070	7.0	3
Andrew Bellamy	324,507	32,110	-	28,321	12,537	397,475	3.2	4
Peter Hogan* ##	239,269	22,242	-	21,946	10,896	294,353	3.7	4
Richard Simons*	125,960	-	-	11,274	9,397	146,631	6.4	4
Sub-total executive KMP	2,882,206	157,689	63,654	109,577	596,813	3,809,939		
Total	3,656,872	157,689	63,654	109,577	596,813	4,584,605		

* Key management personnel for part of year of 2010.

Salary and fees includes a cessation of employment payment of \$212,994.

Salary and fees includes a cessation of employment payment of \$83,479.



Above | Virtu Ferries 107m vehicle-passenger catamaran "Jean de la Valette" | Interior of "Jean de la Valette"

TABLE 2: REMUNERATION FOR THE YEAR ENDED 30 JUNE 2009

	Short-Term					Sharebased Payment Options	Total	% Performance Related	Contract Terms Note
	Salary & Fees	Cash Bonus	Non Monetary Benefits	Post Employment Superannuation					
	\$	\$	\$	\$	\$				
Non executive directors									
John Rothwell	583,333	-	-	-	-	583,333	-	2	
Christopher Norman	89,950**	-	-	-	-	89,950	-	1	
John Poynton	90,000	-	-	-	-	90,000	-	1	
Dario Amara	93,000	-	-	-	-	93,000	-	1	
Ian Campbell	90,000	-	-	-	-	90,000	-	1	
Sub-total non executive directors	946,283	-	-	-	-	946,283			
Executive directors									
Robert Browning	617,338	5,228	28,720	-	785,640	1,436,926	54.7	5	
Michael Atkinson	351,794	-	-	-	14,959	366,753	4.1	2	
Other key management personnel									
Joseph Rella	410,494	19,508	68,510	-	6,904	505,416	1.4	5	
Greg Metcalf	264,750	17,674	-	25,117	10,128	317,669	3.2	3	
William Rotteveel	204,555	14,294	6,712	18,659	8,234	252,454	3.3	3	
Mark Dummett	242,017	16,054	-	22,838	13,782	294,691	4.7	3	
Andrew Bellamy*	209,159	-	-	18,658	-	227,817	-	4	
Peter Hogan*	122,786	1,698	9,821	11,203	-	145,508	-	4	
Sub-total executive KMP	2,422,893	74,456	113,763	96,475	839,647	3,547,234			
Total	3,369,176	74,456	113,763	96,475	839,647	4,493,517			

* Key management personnel for part of year of 2009.

** Includes amounts paid for consultancy services during the year.

CONTRACT TERMS NOTES

1. Directors fees only.
2. Subcontract – no fixed notice period or duration. No termination entitlements.
3. Employment contract – one week notice period or duration. No non-statutory termination entitlements.
4. Employment contract – three months notice period. No non-statutory termination entitlements.
5. Employment contract – upon involuntary termination of employment without cause, a severance of six months salary will be paid.

DIRECTORS' REPORT

Continued

TABLE 3: COMPENSATION OPTIONS: GRANTED AND VESTED DURING THE YEAR (CONSOLIDATED)

30 June 2010	Granted		Terms & Conditions for each Grant						Vested No.
	No.	Grant Date	Fair Value per option at grant date (\$)	Exercise price per option (\$)	Expiry Date	First Exercise Date	Last Exercise Date		
Executives									
Joseph Rella	140,000	3 Nov 2009	0.522	2.95	30 Oct 2016	30 Oct 2012	30 Oct 2016	-	
Andrew Bellamy	140,000	3 Nov 2009	0.522	2.95	30 Oct 2016	30 Oct 2012	30 Oct 2016	-	
Peter Hogan*	140,000	3 Nov 2009	0.522	2.95	**	**	**	-	
	100,000	16 Feb 2010	0.690	1.81	27 Feb 2016	27 Feb 2012	27 Feb 2016	-	
William Rotteveel	70,000	3 Nov 2009	0.522	2.95	30 Oct 2016	30 Oct 2012	30 Oct 2016	-	
Mark Dummett	70,000	3 Nov 2009	0.522	2.95	30 Oct 2016	30 Oct 2012	30 Oct 2016	-	
Richard Simons*	140,000	16 Feb 2010	0.561	2.45	27 Feb 2017	27 Feb 2013	27 Feb 2017	-	
Total	800,000							-	

* Key management personnel for part of year of 2010.

** 140,000 options were forfeited on cessation of employment.

30 June 2009	Granted		Terms & Conditions for each Grant						Vested No.
	No.	Grant Date	Fair Value per option at grant date (\$)	Exercise price per option (\$)	Expiry Date	First Exercise Date	Last Exercise Date		
Executives									
Joseph Rella	95,000	10 Sep 2008	0.36	2.40	10 Sep 2015	10 Sep 2011	10 Sep 2015	-	
Greg Metcalf	50,000	10 Sep 2008	0.36	2.40	10 Sep 2015	10 Sep 2011	10 Sep 2015	-	
William Rotteveel	50,000	10 Sep 2008	0.36	2.40	10 Sep 2015	10 Sep 2011	10 Sep 2015	-	
Mark Dummett	69,000	10 Sep 2008	0.36	2.40	10 Sep 2015	10 Sep 2011	10 Sep 2015	-	
Total	264,000							-	

No options vested or were exercised during the year or prior year.

TABLE 4: OPTIONS GRANTED AS PART OF REMUNERATION

30 June 2010	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options forfeited during the year \$	Value of options lapsed during the year \$	Remunerations consisting of options granted during the year %
Joseph Rella	73,080	-	-	-	4.1
Andrew Bellamy	73,080	-	-	-	3.2
Peter Hogan*	73,080	-	73,080	-	-
	69,000	-	-	-	3.7
William Rotteveel	36,540	-	-	-	5.7
Mark Dummett	36,540	-	-	-	7.0
Richard Simons*	78,540	-	-	-	6.4

* Key management personnel for part of year of 2010.

TABLE 4: OPTIONS GRANTED AS PART OF REMUNERATION (CONTINUED)

	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options forfeited during the year \$	Value of options lapsed during the year \$	Remunerations consisting of options granted during the year %
30 June 2009					
Michael Atkinson	-	-	-	-	4.1
Joseph Rella	34,295	-	-	-	1.4
Greg Metcalf	18,050	-	-	-	1.2
William Rotteveel	18,050	-	-	-	3.4
Mark Dummett	24,909	-	-	-	4.7

TABLE 5: SHARES HELD IN AGMSP (IN SUBSTANCE OPTIONS) GRANTED AS PART OF REMUNERATION

	Value of shares held in AGMSP (in substance options) granted during the year \$	Value of shares held in AGMSP (in substance options) exercised during the year \$	Total value of options granted, and exercised during the year \$	Remunerations consisting of in substance options during the year %
30 June 2010				
Robert Browning*	-	-	-	42.3
30 June 2009				
Robert Browning*	-	-	-	54.7

* Robert Browning was granted 3,000,000 in substance options on 22 October 2007 at a fair value and exercise price of \$0.96 and \$3.51 respectively. The first exercise date for these in substance options was 22 October 2008.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. The maximum cost assuming that all service and performance conditions are met, is equal to the number of options or rights granted multiplied by the fair value at the grant date. The minimum cost assuming that service and performance criteria are not met is zero. During the year a further 600,000 (2009: 600,000) in substance options vested and 285,000 (2009:24,894) were exercised by KMP.

DIRECTORS' REPORT

Continued

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

	Directors' Meetings	Meetings of Audit Committee	Meetings of Nomination and Remuneration Committee
Number of meetings held	6	4	2
Number of meetings attended:			
John Rothwell	6	-	2
Michael Atkinson	5	-	-
Christopher Norman	6	3	-
John Poynton	5	-	2
Robert Browning	6	-	-
Dario Amara	6	4	-
Ian Campbell	6	4	2

COMMITTEE MEMBERSHIP

As at the date of this report, the Company had an Audit Committee and a Nomination and Remuneration Committee of the Board of Directors.

Members acting on the committees of the Board during the year were:

AUDIT NOMINATION AND REMUNERATION

D Amara* I Campbell*

C Norman J Rothwell

I Campbell J Poynton

*Designates the Chairman of the committee

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.



Above | 21m high speed passenger catamarans. The vessels were delivered to Trinidad and Tobago in 2010.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received the following declaration from the auditor of Austal Limited.



Auditor's Independence Declaration to the Directors of Austal Limited

In relation to our audit of the financial report of Austal Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young
Ernst & Young

Gavin Buckingham

Gavin A. Buckingham

Partner

19 August 2010

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Ernst & Young, during the year.

Signed in accordance with a resolution of directors.

J Rothwell AO

J ROTHWELL AO
Chairman

Dated at Henderson this 19th day of August 2010

R Browning

R BROWNING
Managing Director and Chief Executive Officer

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated	
		2010	2009
		\$'000	\$'000
Continuing operations			
Revenue	2(a)	521,414	500,448
Other income	2(b)	9,242	11,366
Expenses (excluding finance costs)		(474,817)	(455,350)
Impairment of receivable		-	(29,890)
Impairment of land and buildings		(2,462)	-
Unrealised gain/(loss) on deferred premium options		618	(14,813)
Finance costs		(2,838)	(1,984)
Profit before income tax		51,157	9,777
Income tax expense		(14,025)	(611)
Profit after tax from continuing operations		37,132	9,166
Attributable to Members of the Parent		37,132	9,166
Earnings per share (cents per share)			
- basic for profit for the year attributable to ordinary equity holders of the parent	3	20.3	5.0
- diluted for profit for the year attributable to ordinary equity holders of the parent	3	20.2	5.0
Dividends per share (cents per share)	5	6.0	6.0



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	
	2010	2009
	\$000	\$000
Profit after income tax from continuing operations	37,132	9,166
Other comprehensive income		
Cash flow hedges:		
Gain taken to equity	12,554	49,392
Transferred to the income statement	(1,684)	(13,179)
Foreign currency translations	(1,416)	5,668
Income tax expense on items of other comprehensive income	(3,268)	(10,944)
Other comprehensive income for the period, net of tax	6,186	30,937
Total comprehensive income for the year	43,318	40,103
Attributable to members of the parent	43,318	40,103

Below | The last of fourteen 47.5m passenger catamaran ferries for Venetian Marketing Services Ltd is unloaded in Hong Kong.



BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	
	2010	2009
	\$000	\$000
ASSETS		
Current Assets		
Cash and cash equivalents	29,030	93,028
Trade and other receivables	31,060	36,242
Inventories	275,288	104,799
Prepayments	2,206	1,522
Derivatives	60,273	16,165
Total Current Assets	397,857	251,756
Non Current Assets		
Cash and cash equivalents	1,138	995
Prepayments	309	582
Derivatives	16,394	48,820
Property, plant and equipment	217,734	187,164
Intangible assets	3,786	3,452
Deferred tax assets	10,900	10,969
Total Non-current Assets	250,261	251,982
TOTAL ASSETS	648,118	503,738
LIABILITIES		
Current Liabilities		
Trade and other payables	87,488	68,206
Derivatives	2,690	1,189
Interest-bearing loans and borrowings	46,567	8,657
Provisions	27,108	25,187
Government grants	4,840	461
Income tax payable	19,755	19,994
Other	11,816	39,098
Total Current Liabilities	198,343	164,713
Non-current Liabilities		
Derivatives	6,320	2
Interest-bearing loans and borrowings	79,335	29,330
Provisions	2,829	2,356
Government grants	55,045	53,974
Deferred tax liabilities	36,881	17,628
Total Non-current Liabilities	180,410	103,290
TOTAL LIABILITIES	378,753	268,003
NET ASSETS	269,365	235,735
EQUITY		
Contributed equity	30,870	30,096
Reserves	26,173	19,165
Retained earnings	212,322	186,474
TOTAL EQUITY	269,365	235,735

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	
	2010	2009
	\$000	\$000
Cash flows from operating activities		
Receipts from customers	549,683	437,987
Payments (to)/from suppliers and employees	(664,945)	(544,552)
Interest received	1,264	10,269
Borrowing costs paid	(2,838)	(1,394)
Income tax received/(paid)	798	(10,002)
GST refunded	9,024	16,374
Receipts of government grants	11,725	44,724
Net cash from operating activities	(95,289)	(46,594)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	10	217
Purchase of property, plant and equipment	(46,503)	(83,168)
Purchase of intangible assets	(1,922)	(2,609)
Net cash used in investing activities	(48,415)	(85,560)
Cash flows from financing activities		
Repayment of loan – in substance options	774	406
Loan advanced – others	-	(5,581)
Repayment of borrowings	(16,887)	(6,051)
Loans received	107,566	-
Option incentive plan fee received	-	8
Equity dividends paid	(11,284)	(24,449)
Net cash from/(used) in financing activities	80,169	(35,667)
Net decrease in cash and cash equivalents	(63,535)	(167,821)
Net foreign exchange differences	(463)	1,971
Cash and cash equivalents at beginning of period	93,028	258,878
Cash and cash equivalents at end of period	29,030	93,028

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

CONSOLIDATED	Attributable to equity holders of the parent				Total Equity \$000
	Issued capital \$000	Reserved shares* \$000	Retained earnings \$000	Other Reserves \$000	
As at 1 July 2008	41,075	(11,385)	201,757	(12,713)	218,734
Currency translation differences	-	-	-	5,668	5,668
Net gain on cash flow hedges	-	-	-	34,575	34,575
Transfer from cash flow hedge reserve	-	-	-	(9,306)	(9,306)
Total income and expense for the year recognised directly in equity	-	-	-	30,937	30,937
Profit for the period	-	-	9,166	-	9,166
Total comprehensive income for the period	-	-	9,166	30,937	40,103
Equity Transactions:	-	-	-	-	-
Options exercised	-	406	-	-	406
Cost of share-based payments	-	-	-	941	941
Equity dividends	-	-	(24,449)	-	(24,449)
As at 30 June 2009	41,075	(10,979)	186,474	19,165	235,735
As at 1 July 2009	41,075	(10,979)	186,474	19,165	235,735
Currency translation differences	-	-	-	(1,416)	(1,416)
Net gains on cash flow hedges	-	-	-	8,791	8,791
Transfer from cash flow hedge reserve	-	-	-	(1,189)	(1,189)
Total income and expense for the year recognised directly in equity	-	-	-	6,186	6,186
Profit for the year	-	-	37,132	-	37,132
Total comprehensive income for the year	-	-	37,132	6,186	43,318
Equity Transactions:	-	-	-	-	-
Options exercised	-	774	-	-	774
Cost of share-based payments	-	-	-	822	822
Equity dividends	-	-	(11,284)	-	(11,284)
As at 30 June 2010	41,075	(10,205)	212,322	26,173	269,365

* Reserved shares are in relation to the Austal Group Management Share Plan



Above | "Spearhead" (JHSV 1) under construction at Austal's Mobile, Alabama, USA Facilities.

NOTES TO THE CONCISE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1. BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

This concise financial report has been derived from the full 2010 Financial Report as presented in the Austal Limited Annual Report, which complies with the Corporations Act 2001 and Australian Accounting Standards. This concise financial report has been prepared in accordance with Accounting Standard AASB 1039 – “Concise Financial Reports”, and the relevant provisions of the Corporations Act 2001. A full description of the accounting policies adopted by Austal Limited is provided in the full 2010 Financial Report. The presentation currency used in this concise financial report is Australian Dollar.

	Consolidated	
	2010	2009
	\$000	\$000

NOTE 2. REVENUE AND EXPENSES

Revenue from Continuing Operations

(a) Revenue

Construction contract revenue	476,611	474,304
Charter revenue	12,300	14,121
Service revenue	29,279	-
Rental revenue	28	19
Sale of scrap	1,932	1,760
Finance revenue - Interest from other unrelated parties	1,264	10,244
	521,414	500,448

(b) Other income

Government grants	8,934	5,827
Other income	308	5,539
	9,242	11,366

	Consolidated		Consolidated	
	2010	2009	2010	2009
	\$000	\$000	Number	Number

NOTE 3. EARNINGS PER SHARE

Net profit attributable to ordinary equity holders of the parent from continuing operations	37,132	9,166	-	-
Weighted average number of ordinary shares (excluding reserved shares) for basic earnings per share			183,311,350	182,834,859
Effect of dilution – share options			782,824	731,208
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution			184,094,174	183,566,067
Earnings per share (cents per share)	20.3	5.0		
Diluted earnings per share (cents per share)	20.2	5.0		

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements. 6,874,402 (2009: 4,495,741) potential ordinary shares have been excluded from the earnings per share calculation as they were not considered dilutive.

NOTES TO THE CONCISE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 4. SEGMENT INFORMATION

IDENTIFICATION OF REPORTABLE SEGMENTS

For management purposes the Group is organised into three business segments based on the location of the production facilities, related sales regions and types of activity.

The Board monitors the performance of the business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss. Finance costs, finance income and income tax are managed on a group basis.

The Group's reportable segments are as follows:

USA

The USA manufactures high performance vessels for markets within the USA.

Australia

The Australian business manufactures high performance vessels for markets worldwide, excluding the USA.

Service

The Service business provides training and on-going support and maintenance for high performance vessels and includes the chartering of vessels.

Other/Unallocated

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Cost of Group services
- Corporate overheads
- Revenue from property leased to other Group segments
- Finance revenue and costs
- Taxation

Inter-entity sales are recognised based on an arm's length pricing structure.

Year Ended 30 June 2010	Australia \$'000	USA \$'000	Service \$'000	Other/ Unallocated \$'000	Eliminations and Adjustments \$'000	Total \$'000
Revenues						
External customers	219,697	267,016	41,595	1,702	-	530,010
Inter-segment	14,799	279	3,316	22,188	(40,582)	-
Total revenues	234,496	267,295	44,911	23,890	(40,582)	530,010
Segment earnings before interest and tax (EBIT)	27,601	23,722	2,757	(1,562)	213	52,731
Segment assets	352,676	300,077	18,102	89,290	(112,027)	648,118

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

Year Ended 30 June 2009	Australia \$'000	USA \$'000	Service \$'000	Other/ Unallocated \$'000	Eliminations and Adjustments \$'000	Total \$'000
Revenues						
External customers	260,288	226,690	14,128	464	-	501,570
Inter-segment	21,786	-	-	23,349	(45,135)	-
Total revenues	282,074	226,690	14,128	23,813	(45,135)	501,570
Segment earnings before interest and tax (EBIT)	24,303	23,722	2,757	(1,562)	1,089	1,517
Segment assets	260,982	300,077	18,102	89,290	(102,662)	503,738

i) Segment revenue does not include finance revenue of \$1.264 million (30 June 2009: \$10.244 million).

ii) Segment profit before tax does not include finance revenue of \$1.264 million (30 June 2009: \$10.244 million) and finance costs of \$2.838 million (30 June 2009: \$1.984 million).

NOTE 5. DIVIDENDS

A fully franked dividend of \$11.284 million of 6 cents per share has been declared for the year ended 30 June 2010 to be paid on 7 October 2010. A dividend of \$11.284m of 6 cents per share was paid on 8 October 2009.

NOTE 6. SUBSEQUENT EVENTS

There were no material subsequent events occurring after year end.



Above | 47.5m high-speed passenger catamaran ferries, four of which were delivered to Trinidad & Tobago's NIDCO.

DIRECTORS' DECLARATION

The directors of Austal Limited declare that the accompanying Concise Financial Report is presented fairly in accordance with Accounting Standard AASB 1039 Concise Financial Report and is consistent with the consolidated entity's 30 June 2010 financial report.

With regard to the 30 June 2010 financial report of Austal Limited, the directors declared that:

1. In the opinion of the directors:
 - (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
2. The financial statements and notes also comply with International Financial Reporting Standards.
3. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the parent entity will be able to pay its debts as and when they become due and payable.
4. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial period ending 30 June 2010.

This statement has been made in accordance with a resolution of directors.

On behalf of the Board



JOHN ROTHWELL AO
CHAIRMAN

Dated at Henderson this 19th day of August 2010.



Above | Trinidad & Tobago Coast Guard (TTCG) complete their training at Austal's Henderson facilities.

Independent auditor's report to the members of Austal Limited

Report on the Concise Financial Report

The accompanying concise financial report of Austal Limited comprises the balance sheet as at 30 June 2010, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of Austal Limited for the year ended 30 June 2010. The concise financial report also includes the directors' declaration. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' Responsibility for the Concise Financial Report

The Directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Austal Limited for the year ended 30 June 2010. Our audit report on the financial report for the year was signed on 19 August 2010 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion, the concise financial report and the directors' declaration of Austal Limited for the year ended 30 June 2010 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Report on the Remuneration Report

The following paragraphs are copied from our Report on the Remuneration Report for the year ended 30 June 2010.

Report on the Remuneration Report

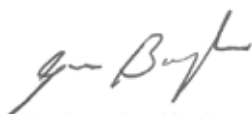
We have audited the Remuneration Report included in pages 8 to 14 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

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



Ernst & Young



Gavin A. Buckingham
Partner
Perth
19 August 2010

Below | Keel laying Ceremony for US Army's "Spearhead" (JHSV 1). Left to right: Chaplain (Major) Michael L. White, Mr. Kelvin Watkins, Mr. Dave Growden, Mr. Kevin M. Fahey, Mr. Arthur W. Divens, Jr., RADM Mark H. Buzby, Brigadier General Brian R. Layer, Mr. Joseph J. Rella, The Honorable Jim Folsom, Jr., Chief Warrant Officer 4 Kenneth M. Wahlman, Mrs. Linda Wahlman, Mr. Lou Von Thae, Captain George M. and Sutton Captain Dean M. Krestos.



Above | "Spearhead" (JHSV 1) Keel Laying. The ship's sponsor, Chief Warrant Officer Four Kenneth M. Wahlman, US Army, Retired, authenticated the keel laying event by welding his initials into the hull section with the assistance of Austal fabricator, Kelvin Watkins. Photo Credit: Mobile Press-Register; G.M. Andrews Staff Photographer.

SHAREHOLDER INFORMATION

The following information was extracted from the Company's register as at 17 August 2010

DISTRIBUTION OF SHARES

	Number of Holders	Number of Units	% of Total Issued Capital
1 – 1,000	1,758	1,002,890	0.53
1,001 – 5,000	2,738	7,722,608	4.11
5,001 – 10,000	867	6,769,431	3.60
10,001 – 100,000	588	13,566,821	7.21
100,001 and over	36	159,007,888	84.55
TOTAL	5,987	188,069,638	100

TWENTY LARGEST SHAREHOLDERS

Rank	Shareholder	Total Units	% Issued Capital
1	Austro Pty Ltd	32,200,745	17.12
2	HSBC Custody Nominees	30,799,071	16.38
3	Longreach (WA) Pty Ltd	26,595,621	14.14
4	J P Morgan Nominees Australia Limited	18,902,159	10.05
5	Onyx (WA) Pty Ltd	10,108,212	5.38
6	National Nominees Limited	7,388,866	3.93
7	Mr Vincent Michael O'Sullivan	7,320,000	3.89
8	Citicorp Nominees Pty Ltd	5,326,137	2.83
9	Austal Group Management Share Plan Pty Ltd	4,611,400	2.45
10	Garry Heys & Dorothy Heys	2,844,670	1.51
11	Lavinia Shipping Ltd	2,342,625	1.25
12	Zilon Pty Ltd	1,773,940	0.94
13	Mossisberg Pty Ltd	1,556,945	0.83
14	Pepperwood Holdings Pty Ltd	1,415,737	0.75
15	Cogent Nominees Pty Limited	1,190,254	0.63
16	Bond Street Custodians Limited	1,130,816	0.60
17	ANZ Nominees	787,094	0.42
18	RBC Dexia Investor Services	661,628	0.35
19	UBS Nominees Pty Ltd	438,890	0.23
20	Mr James Nicholas Bennett	417,569	0.22
		157,812,379	83.91

SUBSTANTIAL SHAREHOLDERS

	No. of Ordinary Shares
1 Austro Pty Ltd (J Rothwell)	32,200,745
2 Longreach (WA) Pty Ltd (C Norman)	30,799,071
3 HSBC Custody Nominees	26,595,621
4 J P Morgan Nominees Australia Limited	18,902,159
5 Onyx (WA) Pty Ltd (G Heys)	10,108,212

Voting Rights

All ordinary shares issued by Austal Limited carry one vote per share without restriction.

CORPORATE DIRECTORY

DIRECTORS

EXECUTIVE DIRECTORS

Robert Browning
Michael Atkinson

NON EXECUTIVE DIRECTORS

John Rothwell
John Poynton
Christopher Norman
Dario Amara
Ian Campbell

AUDITORS

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Michael Atkinson

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Above | Armed Forces of Malta 21 m Inshore Patrol Craft.



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