



AUSTAL
LIMITED

Concise Report 2009

Concise Report 2009

ABN 73 009 250 266

Contents

Chairman's Report	Page 2
Operating and Financial Overview.....	Page 3
Profile of Directors.....	Page 7
Directors' Report.....	Page 10
Income Statement	Page 18
Balance Sheet	Page 19
Cash Flow Statement.....	Page 20
Statement of Changes in Equity	Page 21
Notes to the Concise Financial Statements	Page 23
Directors' Declaration	Page 25
Independent Audit Report	Page 26
Shareholder Information	Page 28
Corporate Directory.....	Page 29

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

The 2009 Concise Report has been derived from Austal Limited's 2009 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 provided by the 2009 Annual Report.

2009 Annual Report

A copy of Austal Limited's 2009 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.

2009/2010 Calendar of Events

Annual General Meeting

The Annual General Meeting of shareholders will be held at 3.00pm on 23 October 2009 at the Fremantle Sailing Club, "Success Harbour", Marine Terrace, Fremantle, Western Australia.

Dividend Payment

The final dividend will be paid to shareholders on 8 October 2009 to those registered at 5pm on 24 September 2009.

Chairman's Report

The past year has seen the global economic crisis present numerous challenges to the world's business community, with Austal and its customers not immune to these unique conditions. There were two particular events that most directly affected Austal's full year result. First, the Hawaii Superferry operations were forced into bankruptcy, requiring Austal to write-off its sub-debt in this business. The investment into this business was made for strategic reasons in order to demonstrate competencies in large vessel construction to the US military. Second, a unique accounting standard required a write-down of a hedging instrument that was put in place to lock in a favourable movement in foreign exchange associated with a multi-hull contract Austal was awarded. Had it not been for these two extraordinary events, Austal's earnings would have exceeded \$38 million. This is a clear indicator that the underlying business continues to perform well.

Throughout this period, Austal has spent considerable time and effort refining the company's strategy, which is now heavily focussed on opportunities for consistent, predictable growth in earnings. Staggered multi-vessel programs and through-life vessel maintenance packages are just some examples of such opportunities, which will translate into more consistent growth in total shareholder returns.

Integral to this is building up our Service business, which will allow us to maximise opportunities for multi-year vessel maintenance and support. Recent contracts have been entered into for the technical through-life support for Austal vessels delivered to the Sultanate of Oman, Egypt and Trinidad and Tobago.

Despite these hurdles, Austal maintains a strong focus on its traditional commercial ferry market. Orders this year for large vehicle-passenger catamarans with Denmark's Nordic Ferry Services and Malta's Virtu Ferries - both repeat Austal customers - demonstrated this ongoing commitment and point to a recovering commercial market. These two 100-metre plus ferries will ensure a steady workload for our Western Australian facilities for FY 10 & 11.

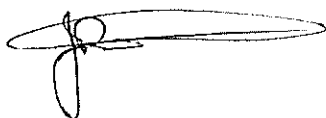
Countries are showing an increasing interest in shoreline protection and as a result we are seeing an increasing demand for our lightweight, multi-purpose aluminium patrol boats. An order for a four-vessel patrol craft fleet with the Armed Forces of Malta was received in February, with construction continuing on a similar six-vessel fleet for the Trinidad and Tobago Coast Guard at our Western Australian shipyards.

Less susceptible to economic conditions have been our activities in the US Military market, which were highlighted by Austal's selection as Prime contractor for the US Department of Defence's Joint High Speed Vessel (JHSV) program in November. Austal's experience in producing the two Hawaii Superferry vessels has been a key contributor to our success in winning this very important program. This significant 10-vessel program is another important step in Austal's strategy to create longer-term, more predictable earnings for investors. Meanwhile a contract for a second Austal-designed and built 127-metre Littoral Combat Ship (LCS) was awarded by the US Navy, as sea trials on our first LCS near completion.

Correlating with these two significant US military programs is the imminent completion of Phase 1 of our new state-of-the-art 70,000m² Modular Manufacturing Facility in Mobile, which will allow for faster and more cost-effective construction of both JHSV and LCS components.

The imposing sight of our 127-metre LCS underway during recent sea trials in the US adds further momentum to the view that Austal's unique brand of aluminium defence platforms represents a new breed of naval technology.

I wish to thank our staff and shareholders for their ongoing support while we navigate through this unique economic climate and into a new phase of consistent and predictable growth.



JOHN ROTHWELL AO
CHAIRMAN

Operating and Financial Overview

The Group operating profit after tax for the year was \$9.166 million compared with the previous year of \$52.273 million.

Revenue has decreased by 19.1% over the previous year.

The earnings before interest and tax (EBIT) was adversely effected by the write off of a receivable from an American customer for the construction of two 105 metre high speed passenger/car vessels amounting to \$29.890 million and a write off of the deferred premium options of \$14.813 million. The option was taken out to lock-in savings generated by a foreign exchange rate movement associated with a specific multi-vessel program, which will be undertaken in future years. The accounting standards require the time value of the options to be brought to account through the income statement over the period of the option, whilst the gain is brought to account when the construction contract is undertaken. The market gain of the option, as at 30 June 2009, of \$32.924 million has been included in the cash flow hedge reserve.

Progress payments paid in advance normalised over the period resulting in a decrease in interest receivable.

The net operating profit before tax has decreased by 86.2% compared with the previous year, mainly as a result of the above.

Australian research and development tax concession allowances reduced the income tax expense for the period.

FINANCIAL SUMMARY

Year ended 30 June	2009 \$'000	2008 \$'000
Revenue	490,204	605,873
EBITDA	9,593	59,212
Depreciation & Amortisation	(8,076)	(6,604)
EBIT	1,517	52,608
Net Interest Received	8,260	18,149
Operating Profit Before Tax	9,777	70,757
Tax Expense	(611)	(18,484)
Operating Profit After Tax	9,166	52,273
% EBIT/Revenue	0.3	8.4
Basic Earnings Per Share (cps)	5.0	28.3
Net Assets	235,735	218,734
Return on Equity (%)	3.9	23.9

A dividend of 6 cents per share fully franked is to be paid on 8 October 2009. A dividend of 13 cents per share fully franked was paid on 9 October 2008.

Operating and Financial Overview (continued)

AUSTRALIAN OPERATIONS

In the face of challenging economic times, it was significant that we were able to secure repeat business with two important commercial customers during the year. These orders will see our Western Australian facilities build one 113-metre vehicle-passenger catamaran – the largest catamaran we have ever built - for Nordic Ferry Services and one 107-metre vehicle-passenger catamaran for Virtu Ferries. Not only do these contracts build momentum behind Austal's traditional commercial market but they reinforce the company's commitment to maintaining strong customer relationships.

This also means that we now have a solid spread of both commercial and defence projects across our Australian facilities. On the defence side, construction is ahead of schedule on four 21-metre inshore patrol craft for the Armed Forces of Malta as well as six 30-metre patrol boats for the Trinidad and Tobago Coast Guard. Both these platforms showcase our fast, lightweight aluminium vessel technology, which continues to attract increased attention worldwide.

During the year, our Australian facilities celebrated the completion of the final seven 48 metre passenger ferries for Venetian Marketing Services Limited. This 14-vessel order incorporated the highest proportion of our Advanced Ship Building (ASB) methods to date, with its success now a testament to Austal's highly efficient Australian production facilities. Also completed were two 69-metre and two 88-metre vehicle ferries for the Kingdom of Saudi Arabia, two 48-metre passenger ferries for Hong Kong and three 22-metre police boats for Queensland. We also delivered the last of two 65-metre high speed vehicle ferries to the Sultanate of Oman.

We have watched with excitement as Austal's next generation trimaran ferry has taken shape throughout the year. The 102-metre spec vessel looks set to build on the revolutionary "Benchijigua Express", with strong interest already received. Also being built on spec is a 48-metre luxury motor yacht - the latest addition to the world-class Oceanfast construction pedigree.

Austal's new modular manufacturing process continues to improve efficiencies at our Henderson facilities, with a number of upgrades introduced during the year to further streamline production and improve worker safety.

USA OPERATIONS

Final construction, activation and testing of the US Navy's landmark 127-metre Littoral Combat Ship (LCS) continued at Austal's US facility in Mobile, Alabama. The vessel's formidable presence, enhanced by its unique Austal-designed trimaran hull, generated ongoing attention from industry members, the media and civilians alike, with upcoming sea trials to further exacerbate this.

More importantly, the vessel remains on schedule for handover to the US Navy later in 2009 after a number of significant milestones were achieved over past months. Among the most important of these was the successful light-off of the vessel's main engines prior to commencing sea trials in the Gulf of Mexico. Austal's trimaran hull form received a significant vote of confidence in May 2009 with the US Navy announcing a fixed price incentive contract for the construction of a second Austal-designed and built LCS. With the Navy's ongoing commitment to a 55-vessel LCS fleet, Austal is well positioned to meet this important requirement.

Another significant US military program was secured in November, with Austal awarded the contract to design and build the US Department of Defence's Joint High Speed Vessel (JHSV). As Prime contractor in a program potentially worth over US\$1.6 billion, Austal will design and construct the first 103-metre JHSV, with options for nine additional vessels expected to be exercised between FY10 and FY13. The JHSV is designed as a multi-use platform capable of transporting troops and their equipment, supporting humanitarian relief efforts, with the ability to operate in shallow waters, and can reach speeds in excess of 35 knots fully loaded.

We anticipate that at least two more JHSVs will be ordered in FY10 given Austal received US Navy funding in June for the acquisition of long lead time material associated with the construction of two more vessels. Construction of Austal's first JHSV will commence later in 2009.

Operating and Financial Overview (continued)

USA OPERATIONS (continued)

As a backdrop to these two large US military programs, Austal continues with significant upgrades to its US production capacity, to the point where we will soon be capable of multiple and concurrent JHSV and LCS constructions each year. Integral to this is a new state-of-the-art 70,000m² Modular Manufacturing Facility (MMF). With Phase 1 due for completion in 2009, the MMF will see further job growth at Austal USA, as well as faster more cost-effective construction of ship components. The facility is to be supported by the construction of a 5,570m² training facility, funded by the State of Alabama, two-thirds of which Austal USA will have exclusive use.

It was fitting that Austal USA completed the last of two 107-metre vehicle-passenger catamarans for Hawaii Superferry around the same time as being awarded JHSV. The two commercial ferries played an important role in demonstrating Austal USA's expertise in building large high speed aluminium catamarans, similar to the JHSV.

ENVIRONMENTAL PERFORMANCE

Ongoing improvements to construction efficiency across all Austal facilities has resulted in reduced energy consumption through initiatives such as increasing natural lighting and modernising equipment.

Austal maintained its position as an industry leader in designing solutions for minimising vessel fuel consumption and exhaust emissions. An example of this will be Austal's next generation trimaran platform. The vessel will introduce to the industry a unique three-engine arrangement which provides improved environmental performance without sacrificing power. Lightweight aluminium vessels such as Austal's continue to find favour with operators seeking improved transport efficiency and lower operating costs.

PEOPLE

Maintaining a safe and productive working environment for all Austal staff continued to be a focus throughout the year, with a number of risk awareness initiatives introduced. This resulted in Austal again achieving safety performance far in excess of industry standards. In a highly demanding industry such as shipbuilding, we are quite proud of the fact that our US facility finished this past fiscal year with over 250 consecutive days of no lost time injuries and received national recognition in doing so.

A downturn in global demand in the large ferry market resulted in a small reduction in Austal's Australian workforce, during which the company maintained its leading presence in the training and development of apprentices.

Following orders this year for two large vehicle ferries, employment levels in Australia have stabilised at approximately 1200, while Austal USA is expected to increase its workforce beyond 1000 workers to coincide with the construction of JHSV and LCS platforms throughout the coming year.

Operating and Financial Overview (continued)

OUTLOOK

As we look ahead, a re-emerging commercial ferry market, strong demand for fast patrol vessels and significant exposure to two well-supported US military programs gives reason for both excitement and optimism.

As of June 2009, contracts on hand to be completed across the 2010 to 2012 financial years amounted to \$850 million.

Significant work has gone into refining Austal's commercial strategy, which is now focussed on opportunities for achieving longer-term, predictable growth in earnings. These opportunities exist across a variety of markets, particularly through-life vessel maintenance contracts and long term multi-vessel programs.

Momentum generated by the LCS and JHSV program continues to build. With the US Navy's ongoing commitment to a 55-vessel LCS program, as part of its 313 ship fleet, we are confident that our superior design and purpose-built US construction facilities put us in a good position for future orders. Political support for these two programs suggests that further vessels are likely to be added to both the JHSV and LCS procurement schedule for 2010.

Given the current economic environment, satisfying a customer's specific vessel requirements is a key contributor to closing mutually beneficial transactions and we believe this approach is critical to the ongoing success of both our company, and our clients. Recent orders from repeat customers for large vehicle ferries underline this, along with the strong interest received for Austal's new spec-build trimaran ferry.

With these opportunities in mind, we can look forward to a dynamic period of sustained growth and success.



ROBERT BROWNING
CHIEF EXECUTIVE OFFICER

Profile of Directors

JOHN ROTHWELL AO – Non Executive Chairman

Director since 9 October 1987

Last elected: 22 October 2007

With in excess of 30 years experience in boat and shipbuilding, John Rothwell 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 Rothwell 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 Rothwell 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 ATKINSON CA (ZIM), CA (SA) - Executive Director, Finance & Company Secretary

Director since 14 September 1994

Last elected: 14 October 2005

Michael Atkinson 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.

CHRISTOPHER NORMAN (B.Eng Hons) - Non Executive Director

Director since 9 October 1987

Last elected: 16 October 2006

Chris Norman 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. Mr Norman 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, Chris was awarded the prestigious A.G.M. Michell Award in recognition of outstanding service in the profession of Mechanical Engineering.

Profile of Directors (continued)

JOHN POYNTON B.Com, SF Fin, FAIM, FAICD - Independent Director
Director since 24 August 1998
Last elected: 16 October 2006

John Poynton is a Co-Founder and Executive Chairman of Azure Capital.

John is the Deputy Chairman of Austal Limited and is a Non Executive Director of Burswood Ltd. He is a member of the Payments System Board of the Reserve Bank of Australia and the Council of Celebrate WA. John is also a member of the Board of the Business School at the University of Western Australia, where he serves as Adjunct Professor of Financial Services. John has previously served as a Director of ASX, Multiplex and Alinta and as Chairman of ASX Perth, Fleetwood, Alinta and West Australian Museum Foundation and a member of the Higher Education Endowment Fund Advisory Board.

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

ROBERT BROWNING MSc, MBA, FAIM – Executive Director
Director since 2 September 2003
Last elected: 16 October 2006

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

Mr Browning 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.

Mr Browning 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 AMARA, BEng (Distn), FIEAust, CPEng - Independent Director
Director since 16 August 2005
Last elected: 14 October 2005

Dario Amara is founder, Managing Director and Chief Executive of Emerson Stewart Group Limited, an advisory, project implementation and development 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, Chairman of Heritage Perth and a board member of the Perth International Art Festival. He has also served as Chairman of the West Australian Opera Company and the Art Gallery of Western Australia.

Profile of Directors (continued)

IAN CAMPBELL – Independent Director

Appointed 1 August 2007

Last elected: 22 October 2007

Mr Campbell 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, Mr Campbell initiated the Corporate Law Economic Reform Program including legislating to move Australia to International Financial Reporting Standards and reform of Accounting and Audit oversight institutional arrangements.

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

Ian is a Non Executive 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.

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 date to the date of this report.

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 \$9.166 million after income tax (2008: \$52.273 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 3.

DIVIDENDS

A fully franked final dividend of \$11.284m (6 cents per share) (2008: \$24.449m being 13 cents per share) has been declared for the year ended 30 June 2009 to be paid on 8 October 2009.

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 Operating and Financial Overview on page 3.

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 3.

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 2009.

SHARE OPTIONS

As at the date of this report, there were 1,455,741 unissued ordinary shares under options. There were no options exercised during the year.

TOTAL NUMBER OF EMPLOYEES

As at 30 June 2009, the consolidated entity employed a total of 2,065 full-time equivalents (2008: 2,540 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.

Directors' Report (continued)

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, non-director employees 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 and was paid during the financial year.

Similarly, non-director employees of Austal USA participate in an annual bonus program. Bonuses to participants 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 was 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.

Directors' Report (continued)

REMUNERATION REPORT (Audited) (continued)

Share Option Plan

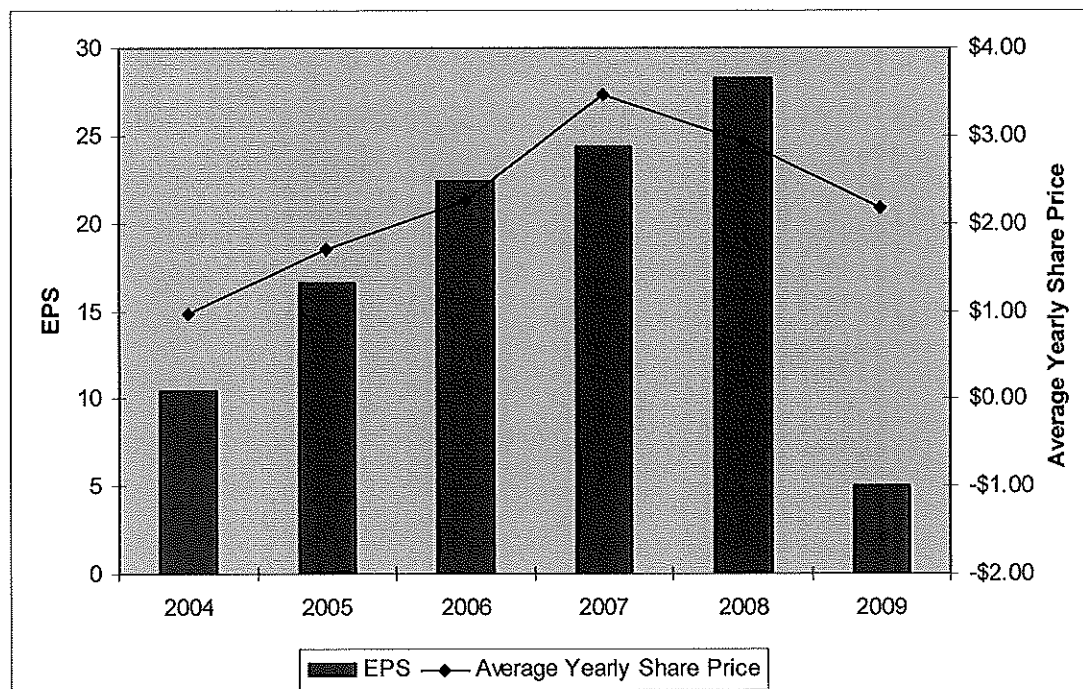
Objective

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.



Note: all the financial years except 2004 are based on the Australian Equivalents to International Financial Reporting Standards ('AIFRS').

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.

Directors' Report (continued)

REMUNERATION REPORT (Audited) (continued)

Details of key management personnel including Group and Company executives who received the highest remuneration for the year ended 30 June 2009

(i) Directors

Mr John Rothwell	Chairman & Chief Executive Officer – resigned 22 August 2008 Non Executive Chairman – appointed 22 August 2008
Mr Michael Atkinson	Executive Director, Finance & Company Secretary
Mr Christopher Norman	Non Executive Director
Mr John Poynton	Independent Director
Mr Robert Browning	Executive Director & Chief Executive Officer – appointed 22 August 2008
Mr Dario Amara	Independent Director
Mr Ian Campbell	Independent Director

(ii) Executives

Mr Joseph Rella	Chief Operating Officer Austal USA
Mr Greg Metcalf	Chief Financial Officer
Mr William Rotteveel	General Manager – Austal Image
Mr Mark Dummett	Executive Manager – Australian Operations
Mr Andrew Bellamy	Global Sales & Marketing Manager – appointed 30 September 2008
Mr Peter Hogan	Chief Operating Officer Australia – appointed 2 February 2009

Remuneration of key management personnel including Group and Company executives who received the highest remuneration for the year ended 30 June 2009

Table 1: Remuneration for the year ended 30 June 2009

	Salary & Fees \$	Short-Term Cash Bonus \$	Non- Monetary Benefits \$	Post Employment Superannuation \$	Share- based Payment Options \$	Total \$	% perform- ance related	Contract Terms Note
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

Directors' Report (continued)

REMUNERATION REPORT (Audited) (continued)

Remuneration of key management personnel including Group and Company executives who received the highest remuneration for the year ended 30 June 2009 (continued)

Table 2: Remuneration for the year ended 30 June 2008

	Salary & Fees \$	Short-Term Cash Bonus \$	Non-Monetary Benefits \$	Post Employment Superannuation \$	Share-based Payment Options \$	Total \$	% performance related	Contract Terms Note
Non executive directors								
John Rothwell	600,000	-	-	-	-	600,000	-	2
Christopher Norman	85,000	-	-	-	-	85,000	-	1
John Poynton	90,000	-	-	-	-	90,000	-	1
Dario Amara	93,000	-	-	-	-	93,000	-	1
Ian Campbell	82,500	-	-	-	-	82,500	-	1
Sub-total non executive directors	950,500	-	-	-	-	950,500		
Executive directors								
Robert Browning	362,443	-	30,367	-	1,297,621 **	1,690,431	76.8	5
Michael Atkinson	319,824	-	-	-	10,218	330,042	3.1	2
Other key management personnel								
Joseph Rella*	201,149	-	245,812	-	-	446,961	-	5
Greg Metcalf*	249,202	10,651	-	23,177	5,163	288,193	1.8	3
William Rotteveel	208,219	17,082	8,950	20,385	3,657	258,293	1.4	3
Mark Dummett	198,115	13,443	-	18,804	6,970	237,332	2.9	3
Stephen Murdoch*	311,754	91,743	-	26,314	(23,100) ***	406,711	22.6	3
Dan Spiegel*	384,075	-	26,233	-	-	410,308	-	4
Sub-total executive KMP	2,234,781	132,919	311,362	88,680	1,300,529	4,068,271		
Total	3,185,281	132,919	311,362	88,680	1,300,529	5,018,771		

* Key management personnel for part of year of 2008

** Share based payment in relation to shares (in substance options) held in AGMSP

*** S Murdoch options (280,000 options) were forfeited on 4 February 2008

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)

REMUNERATION REPORT (Audited) (continued)

Table 3: Compensation options: Granted and vested during the year (Consolidated) ^

	Granted	Terms & Conditions for each Grant							
	No.	Grant Date	Fair Value per option at grant date (\$)	Exercise price per option (\$)	Expiry Date	First Exercise Date	Last Exercise Date	Vested No.	
30 June 2009									
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							-	
	Granted	Terms & Conditions for each Grant							
	No.	Grant Date	Fair Value per option at grant date (\$)	Exercise price per option (\$)	Expiry Date	First Exercise Date	Last Exercise Date	Vested No.	
30 June 2008									
Directors									
Michael Atkinson	140,000	24 Oct 2007	0.43	3.60	13 Sep 2014	13 Sep 2010	13 Sep 2014	-	
Executives									
Greg Metcalf *	50,000	13 Sep 2007	0.52	3.60	13 Sep 2014	13 Sep 2010	13 Sep 2014	-	
William Rotteveel	35,416	13 Sep 2007	0.52	3.60	13 Sep 2014	13 Sep 2010	13 Sep 2014	-	
Mark Dummett	67,500	13 Sep 2007	0.52	3.60	13 Sep 2014	13 Sep 2010	13 Sep 2014	-	
Stephen Murdoch*	140,000	13 Sep 2007	0.52	3.60	13 Sep 2014	Forfeited **	Forfeited **	-	
Total	432,916							-	

* Key management personnel for part of year of 2008

** S Murdoch options (280,000 options) were forfeit on 4 February 2008

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

Table 4: Options granted as part of remuneration ^

30 June 2009	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	Remuneration consisting of options for the year %
	\$	\$	\$	\$	%
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
30 June 2008	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	Remuneration consisting of options for the year %
	\$	\$	\$	\$	%
Michael Atkinson	60,200	-	-	-	3.1
Greg Metcalf *	26,000	-	-	-	1.8
William Rotteveel	18,416	-	-	-	1.4
Mark Dummett	35,100	-	-	-	2.9
Stephen Murdoch*	72,800	-	(165,200)	-	-

* Key management personnel for part of year of 2008

Directors' Report (continued)

REMUNERATION REPORT (Audited) (continued)

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	Remuneration consisting of in substance options for the year
	\$	\$	\$	%
30 June 2009				
Robert Browning	-	-	-	54.7
30 June 2008				
Robert Browning	2,871,300*	-	2,871,300	76.8

^ For details on the valuation of the options, including models and assumptions used, please refer to Note 29 to the financial statements.

* 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 600,000 in substance options vested and 24,894 were exercised.

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	6	-	-
Christopher Norman	6	4	-
John Poynton	6	-	2
Robert Browning	6	-	-
Dario Amara	6	4	-
Ian Campbell	6	3	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.

Directors' Report (continued)

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

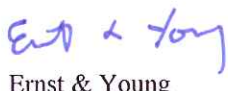
The directors received the following declaration from the auditor of Austal Limited.



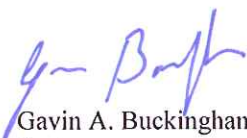
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843
Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
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Auditor's Independence Declaration to the Directors of Austal Limited

In relation to our audit of the financial report of Austal Limited for the financial year ended 30 June 2009, 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



Gavin A. Buckingham
Partner

20 August 2009

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
Director



R BROWNING
Director

Dated at Henderson this 20 day of August 2009

Income Statement

FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		Parent	
	Note	2009	2008	2009	2008
		\$000	\$000	\$000	\$000
Continuing operations					
Revenue	2(a)	500,448	626,141	25,142	35,605
Other income	2(b)	11,366	3,458	8,227	179
Expenses (excluding finance costs)		(455,350)	(556,723)	(3,178)	(2,563)
Impairment of receivable		(29,890)	-	-	-
Unrealised loss on deferred premium options		(14,813)	-	-	-
Finance costs		(1,984)	(2,119)	(122)	-
Profit before income tax		9,777	70,757	30,069	33,221
Income tax expense		(611)	(18,484)	(4,521)	(966)
Profit after tax from continuing operations		9,166	52,273	25,548	32,255
Attributable to Members of the Parent		9,166	52,273	25,548	32,255
Earnings per share (cents per share)					
- basic for profit for the year attributable to ordinary equity holders of the parent	3	5.0	28.3	-	-
- diluted for profit for the year attributable to ordinary equity holders of the parent	3	5.0	28.1	-	-
Dividends per share (cents per share)	4	6.0	13.0	-	-

Balance Sheet

AS AT 30 JUNE 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
ASSETS				
Current Assets				
Cash and cash equivalents	93,028	258,878	56,109	167,544
Trade and other receivables	36,242	12,440	144,185	131,276
Inventories	104,799	21,112	-	-
Prepayments	1,522	1,353	-	-
Derivatives	16,165	18,643	6,066	4,775
Total Current Assets	251,756	312,426	206,360	303,595
Non-current Assets				
Cash and cash equivalents	995	5,421	-	-
Trade and other receivables	-	19,321	52,369	-
Prepayments	582	646	-	-
Derivatives	48,820	-	5,266	-
Property, plant and equipment	187,164	106,657	38,339	39,714
Intangible assets	3,452	1,601	-	-
Investment in subsidiaries	-	-	1,402	1,402
Deferred tax assets	10,969	328	-	-
Total Non-current Assets	251,982	133,974	97,376	41,116
TOTAL ASSETS	503,738	446,400	303,736	344,711
LIABILITIES				
Current Liabilities				
Trade and other payables	68,206	36,504	53,691	107,981
Derivatives	1,189	307	105	-
Interest-bearing loans and borrowings	8,657	5,424	-	-
Provisions	27,108	26,996	-	-
Government grants	461	258	-	-
Income tax payable	19,994	11,990	19,994	11,990
Other	39,098	97,415	-	-
Total Current Liabilities	164,713	178,894	73,790	119,971
Non-current Liabilities				
Derivatives	2	-	-	-
Interest-bearing loans and borrowings	29,330	17,138	-	-
Provisions	2,356	3,365	-	-
Government grants	53,974	14,601	-	-
Deferred tax liabilities	17,628	13,668	3,368	-
Total Non-current Liabilities	103,290	48,772	3,368	-
TOTAL LIABILITIES	268,003	227,666	77,158	119,971
NET ASSETS	235,735	218,734	226,578	224,740
EQUITY				
Contributed equity	30,096	29,690	29,420	29,014
Reserves	19,165	(12,713)	618	285
Retained earnings	186,474	201,757	196,540	195,441
TOTAL EQUITY	235,735	218,734	226,578	224,740

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Receipts from customers	437,987	612,884	4,493	5,784
Payments (to)/from suppliers and employees	(544,552)	(558,496)	(1,551)	22,891
Interest received	10,269	20,268	7,426	3,050
Borrowing costs paid	(1,394)	(2,119)	(122)	-
Income tax paid	(10,002)	(8,555)	(10,002)	(8,555)
GST refunded	16,374	16,894	80	915
Receipts of government grants	44,724	6,494	-	-
Net cash from operating activities	(46,594)	87,370	324	24,085
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	217	565	-	-
Purchase of property, plant and equipment	(83,168)	(20,940)	(7)	(7,929)
Purchase of intangible assets	(2,609)	(1,688)	-	-
Loan (to)/from controlled entities	-	-	(87,717)	181,692
Net cash (used in)/from investing activities	(85,560)	(22,063)	(87,724)	173,763
Cash flows from financing activities				
Payment for share buy-back	-	(9,489)	-	(9,489)
Repayment of loan – in substance options	406	1,870	406	1,869
Loan advanced – others	(5,581)	(6,721)	-	-
Repayment of borrowings	(6,051)	(8,120)	-	-
Option incentive plan fee received	8	8	8	8
Equity dividends paid	(24,449)	(23,039)	(24,449)	(23,039)
Net cash used in financing activities	(35,667)	(45,491)	(24,035)	(30,651)
Net increase/(decrease) in cash and cash equivalents	(167,821)	19,816	(111,435)	167,197
Net foreign exchange differences	1,971	(1,469)	-	-
Cash and cash equivalents at beginning of period	258,878	240,531	167,544	347
Cash and cash equivalents at end of period	93,028	258,878	56,109	167,544

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2009

	Attributable to equity holders of the parent				
	Issued capital \$'000	Reserved shares * \$'000	Retained earnings \$'000	Other Reserves \$'000	Total Equity \$'000
CONSOLIDATED					
As at 1 July 2007	40,034	(2,725)	172,523	(298)	209,534
Currency translation differences	-	-	-	(3,186)	(3,186)
Net gains/(losses) on cash flow hedges	-	-	-	34,220	34,220
Transfer from cash flow hedge reserve	-	-	-	(44,726)	(44,726)
Total income and expense for the period recognised directly in equity	-	-	-	(13,692)	(13,692)
Profit for the period	-	-	52,273	-	52,273
Total income and expense for the period	-	-	52,273	(13,692)	38,581
Equity Transactions:					
Shares issued	10,530	-	-	-	10,530
Share buy-back	(9,489)	-	-	-	(9,489)
Options granted	-	(10,530)	-	-	(10,530)
Options exercised	-	1,870	-	-	1,870
Cost of share-based payments	-	-	-	1,277	1,277
Equity dividends	-	-	(23,039)	-	(23,039)
As at 30 June 2008	41,075	(11,385)	201,757	(12,713)	218,734
As at 1 July 2008	41,075	(11,385)	201,757	(12,713)	218,734
Currency translation differences	-	-	-	5,668	5,668
Net gains/(losses) on cash flow hedges	-	-	-	34,575	34,575
Transfer from cash flow hedge reserve	-	-	-	(9,306)	(9,306)
Total income and expense for the period recognised directly in equity	-	-	-	30,937	30,937
Profit for the period	-	-	9,166	-	9,166
Total income and expense 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

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

Statement of Changes in Equity (continued)

FOR THE YEAR ENDED 30 JUNE 2009

	Issued capital \$'000	Attributable to equity holders of the parent			Total equity \$'000
		Reserved shares *	Retained earnings	Other Reserves	
PARENT	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007	39,358	(2,725)	186,225	692	223,550
Net gains/(losses) on cash flow hedges	-	-	-	(264)	(264)
Transfer from cash flow hedge reserve	-	-	-	(208)	(208)
Total income and expense for the period recognised directly in equity	-	-	-	(472)	(472)
Profit for the period	-	-	32,255	-	32,255
Total income and expense for the period	-	-	32,255	(472)	31,783
Equity Transactions:					
Shares issued	10,530	-	-	-	10,530
Share buy-back	(9,489)	-	-	-	(9,489)
Options granted	-	(10,530)	-	-	(10,530)
Options exercised	-	1,870	-	-	1,870
Cost of share-based payment	-	-	-	65	65
Equity dividends	-	-	(23,039)	-	(23,039)
As at 30 June 2008	40,399	(11,385)	195,441	285	224,740
As at 1 July 2008	40,399	(11,385)	195,441	285	224,740
Profit for the period, being total income and expense for the period	-	-	25,548	-	25,548
Equity Transactions:					
Options exercised	-	406	-	-	406
Cost of share-based payment	-	-	-	333	333
Equity dividends	-	-	(24,449)	-	(24,449)
As at 30 June 2009	40,399	(10,979)	196,540	618	226,578

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

Notes to the Concise Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Note 1. Basis of Preparation of the Concise Financial Report

This concise financial report has been derived from the full 2009 Financial Report as presented in the Austal Limited Annual Report, which complies with the Corporations Act 2001, Australian Accounting Standards and Urgent Issues Group Consensus Interpretations. 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 2009 Financial Report. The presentation currency used in this concise financial report is Australian Dollar.

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Note 2. Revenue and expenses				
<i>Revenue from Continuing Operations</i>				
(a) Revenue				
Construction contract revenue	474,304	588,648	-	-
Charter revenue	14,121	14,669	-	-
Rental revenue	19	26	2,716	2,555
Sale of scrap	1,760	2,530	-	-
Dividends:				
Related parties	-	-	15,000	30,000
Finance revenue:				
Interest from other unrelated parties	10,244	20,268	7,426	3,050
	<u>500,448</u>	<u>626,141</u>	<u>25,142</u>	<u>35,605</u>
(b) Other income				
Government grants	5,827	962	-	-
Other income	5,539	2,496	8,227	179
	<u>11,366</u>	<u>3,458</u>	<u>8,227</u>	<u>179</u>

Note 3. Earnings per share

	Consolidated		Consolidated	
	2009	2008	2009	2008
	\$'000	\$'000	Number	Number
Net profit attributable to ordinary equity holders of the parent from continuing operations	9,166	52,273		-
Weighted average number of ordinary shares (excluding reserved shares) for basic earnings per share			182,834,859	184,644,828
Effect of dilution – share options			731,208	1,374,627
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution			<u>183,566,067</u>	<u>186,019,455</u>
Earnings per share (cents per share)	5.0	28.3		
Diluted earnings per share (cents per share)	5.0	28.1		

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. 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 2009

Note 4. Dividends

A fully franked dividend of \$11.284m of 6 cents per share has been declared for the year ended 30 June 2009 to be paid on 8 October 2009. A dividend of \$24.449m of 13 cents per share was paid on 9 October 2008.

Note 5. Subsequent Events

There were no material subsequent events occurring after year end.

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 2009 financial report.

With regard to the 30 June 2009 financial report of Austal Limited, the directors declared that:

1. In the opinion of the directors:
 - (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
2. 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 2009.
3. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



John Rothwell AO
Director

Dated at Henderson this 20 day of August 2009.

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 2009, the income statement, 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 2009. 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 2009. Our audit report on the financial report for the year was signed on 20 August 2009 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 2009 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Report on the Remuneration Report

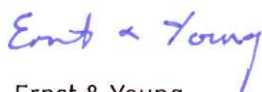
The following paragraphs are copied from our Report on the Remuneration Report for the year ended 30 June 2009.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 15 of the directors' report for the year ended 30 June 2009. 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 2009, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Gavin A. Buckingham'.

Gavin A. Buckingham

Partner

Perth

20 August 2009

Shareholder Information

The following information was extracted from the Company's register as at 20 August 2009.

DISTRIBUTION OF SHARES

	<i>Number of Holders</i>	<i>Number of Units</i>	<i>% of Total Issued Capital</i>
1 – 1,000	1,681	996,637	0.53
1,001 – 5,000	2,857	8,126,306	4.32
5,001 – 10,000	929	7,263,023	3.86
10,001 – 100,000	594	13,769,730	7.32
100,001 and over	47	157,913,942	83.97
TOTAL	6,108	188,069,638	100.00

TWENTY LARGEST SHAREHOLDERS

<i>Rank</i>	<i>Shareholder</i>	<i>Total Units</i>	<i>% Issued Capital</i>
1	Austro Pty Ltd	32,200,745	17.12
2	Longreach (WA) Pty Ltd	26,595,621	14.14
3	HSBC Custody Nominees	22,263,992	11.84
4	J P Morgan Nominees Australia Limited	20,526,348	10.91
5	Onyx (WA) Pty Ltd	10,108,212	5.37
6	National Nominees Limited	9,162,321	4.87
7	Mr Vincent Michael O'Sullivan	7,358,000	3.91
8	Austal Group Management Share Plan Pty Ltd	5,081,832	2.70
9	Citicorp Nominees Pty Ltd	3,119,735	1.66
10	Garry Heys & Dorothy Heys	2,844,670	1.51
11	ANZ Nominees Limited	2,773,503	1.48
12	Lavinia Shipping Ltd	2,277,625	1.21
13	Zilon Pty Ltd	1,773,940	0.94
14	Mossisberg Pty Ltd	1,546,945	0.82
15	Australian Reward Investment Alliance	1,497,126	0.78
16	Pepperwood Holdings Pty Ltd	1,415,737	0.75
17	Cogent Nominees Pty Limited	1,092,135	0.58
18	Australia Nominees Pty Ltd	705,291	0.38
19	Perpetual Trustees Consolidated Ltd	653,411	0.35
20	UBS Nominees Pty Ltd	632,756	0.34
		153,629,945	81.69

SUBSTANTIAL SHAREHOLDERS

	<i>No. of Ordinary Shares</i>
1 Austro Pty Ltd (J Rothwell)	32,200,745
2 Longreach (WA) Pty Ltd (C Norman)	26,595,621
3 HSBC Custody Nominees	22,263,992
4 J P Morgan Nominees Australia Limited	20,526,348
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

Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road
Perth 6000
Western Australia

Company Secretary

Michael Atkinson

Registered Office

100 Clarence Beach Rd
Henderson 6166
Western Australia
Telephone: +61 8 9410 1111
Facsimile: +61 8 9410 2564

Share Registry

Advanced Share Registry Services
110 Stirling Highway
Nedlands 6009
Western Australia
Telephone: +61 8 9389 8033
Facsimile: +61 8 9389 7871