



austinengineering^{LTD}

2006 Annual General Meeting

austinengineering^{LTD}



About **austin**engineering

Austin Engineering Limited has manufacturing facilities in Brisbane, Perth, Mackay, and Oman in the Middle East

The Brisbane, Perth and Mackay operations provide fabrication facilities servicing the mining, oil/gas and industrial sectors. The Oman facility provides fabrication of aluminum components for smelters with our 50/50 JV partner, Majan Aluminium Services

Austin's key product lines include the design, fabrication and repair of excavator buckets, haul trucks, service vehicles, tyre handlers, piping, mineral processing equipment and aluminum smelter components

Austin Engineering owns rights to innovative welding processes which are designed to improve welding productivity, coupled with robotic applications to suit product lines, general fabrication and any repetitive production processes

Financial highlights 05/06

Revenue
increase of



28%

EBIT
increase of



33%

NPAT
increase of



266%*

*includes the sale of property

Earnings
per share
increase of



228%*

*includes the sale of property

Dividend
payment
increased



100%

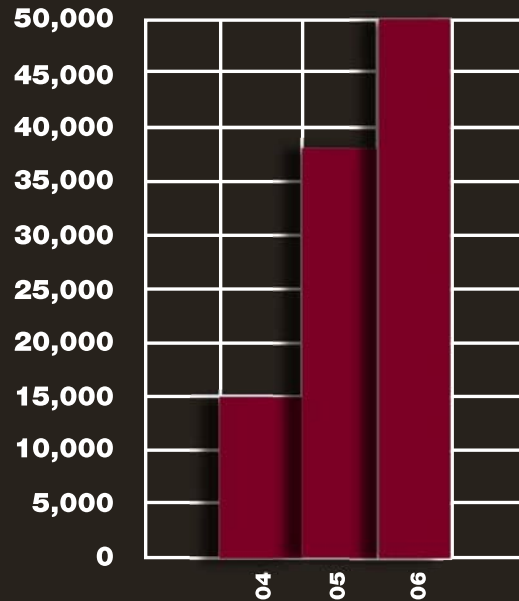
Net Asset
increase of



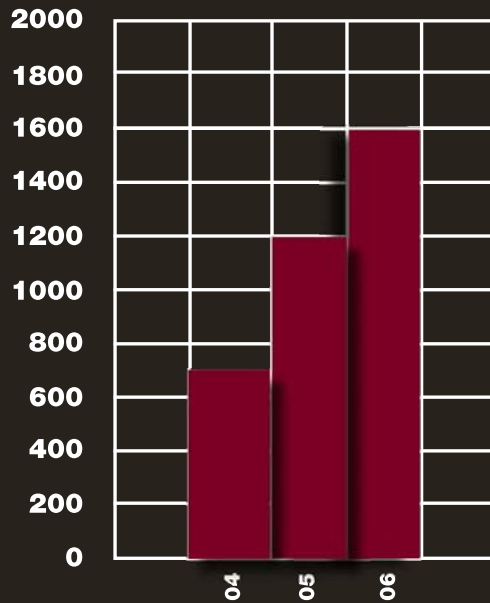
48%

- Acquisition of earnings from Kaldura
- Integration of JEC product lines in Queensland completed
- First contract awarded for major aluminium smelter project in Oman

Sales Growth 2004-06

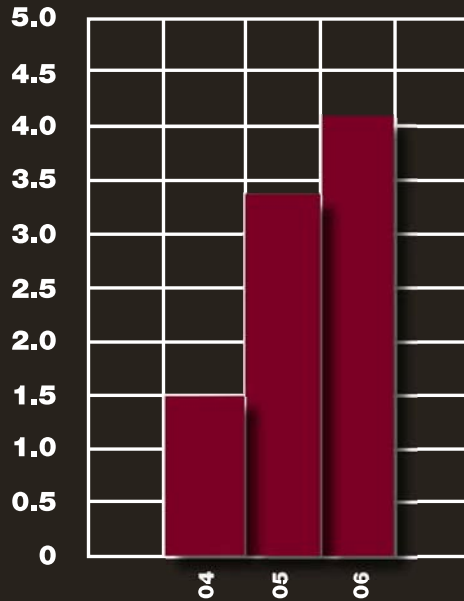


Net Profit After Tax - 2004-06

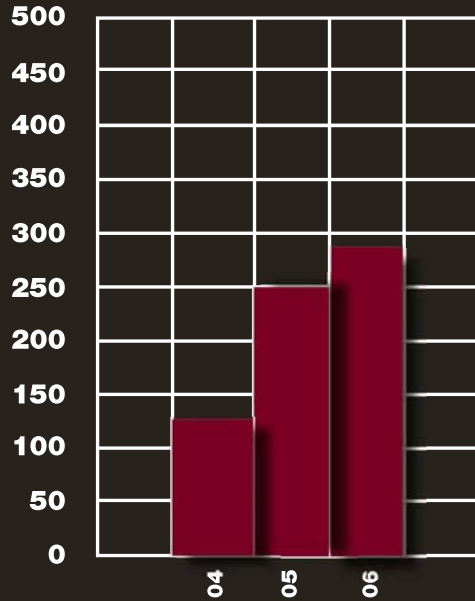


*excluding the gain on sale of property

Earnings Per Share - 2004-06



Employment Growth 2004-06





Strategy & Achievements



Austin business units

Austin Engineering Ltd



**Mining
products (JEC)**

Technology

Other

**Major Projects
Fabrication**

Mining products



JEC Range

- National focus
- Higher margins
- Economies of scale / Efficiencies
- Automation
- Product lines
- Blue Chip clients

QLD



Haul Trucks
Buckets
Service Vehicles
Attachments



WA

(Product range)



Acquisitions
Product Lines



(Product range)

■ Service agreements
Repairs



Regional Services



■ Kaldura Industries
■ Service Agreements
■ Repairs



Mining products achievements:

- Completed acquisition of Kaldura Industries
- Established an integrated national focus with design, manufacture and refurbishment of JEC product range
- Successfully integrated JEC range of products in QLD facility leading to significant increase in revenue, clients and productivity
- Award of a national contract from a major OEM due to our national presence and design capabilities
- Award of major export order (Africa) for haul trays from Komatsu Japan
- Continuing to receive international and national tenders



Major projects & fabrication



- Currently looking at a number of opportunities/acquisitions to enter new industry sectors
- Continuing discussions with Australian project companies regarding technology use on major projects
- Austin Engineering will focus on major projects of a repetitive nature to fully utilize new technology within robotics and automation
- QLD and WA resource industry continue strong demand for large number of projects/upgrades

- **Recurring income**
- **International diversity**
- **Automation**
- **Blue Chip clients**



Oman joint venture



- Majan Aluminium Services was successful in 05/06 in securing a contract for the manufacture of aluminium busbar for the Sohar Aluminium Company
- The contract involves the welding, machining and assembly of 360 sets of identical busbar
- The contract is due for completion in February 2008 and is valued at \$US11.5 million (total revenue)
- Austin is entitled to 50% of Majan's profits
- Majan has contacted potential future owners or developers of new smelters in Qatar and Trinidad offering our services

- **Recurring income**
- **International diversity**
- **Automation**
- **Blue Chip clients**



Oman joint venture





Technology



- Reduced costs
- Increased throughput/
Revenue
- Margin improvements

WA



- People
- Welding Technology
- Automation



QLD

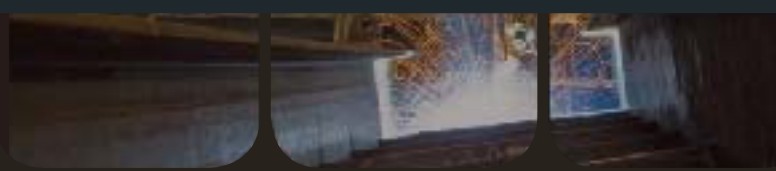
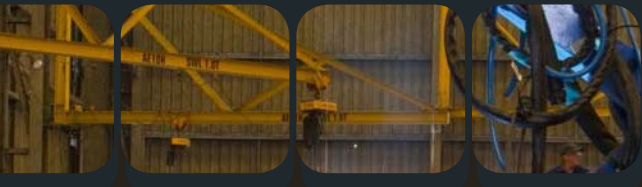




Technology achievements:

- Continued investments in R&D technology \$0.43 million in 05/06
- Achieved excellent results; WA operation has seen a reduction in labour hours of 30% after applying robotics in repetitive processes
- Installation of an advanced robotic gantry system is complete in the QLD operation
- Savings are expected in the second half of this financial year due to increased usage of robotic systems
- Continued training of unskilled labour as operators to relieve the skill shortage







Workforce



- **Client contacts**
- **Reputation**
- **Experience**

- Austin Engineering has continued to engage and retain personnel of a high calibre within the welding industry
- The Company has continued to develop its automation techniques and introduced incentives to retain key employees
- Austin Engineering has initiated contacts with China where a number of personnel were interviewed and tested to fill staff vacancies in Australia
- The Company's health and safety policy aims for 'zero time loss'
- Austin Engineering has implemented rigorous monitoring of past and present incidents to continuously improve health and safety of its employees

2006/07 Outlook



- The resources sector in Australia remains strong and buoyant
- Austin enters the new financial year with a record order book consisting chiefly of JEC products
- Further implementation of the Company's technology to reduce costs and increase throughput
- Increase the revenue of Austin Engineering's range of products
- Growth planned organically and through acquisitions
- Diversification through acquisition (new industry sectors)
- Consolidate and grow Majan Aluminium Services
- Profits from Kaldura full-year (05/06 three months)
- PBT Forecast half-year '07 is in the range of \$3.25 to \$3.75 million
- Continuing strong second-half, January-June 2007

A silhouette of a large piece of construction machinery, possibly a bulldozer or excavator, is shown against a dramatic sunset sky. The sky is filled with orange and yellow clouds, and the sun is low on the horizon, creating a bright glow. The machine's cabin and various mechanical parts are visible in dark silhouette. A bright light source, likely the sun, is positioned near the bottom of the machine's frame, creating a lens flare effect.

austinengineering^{LTD}
conclusion