

Austin Engineering Posts Another Record Profit

Financial Highlights

	FY2010	FY2009	Change
Revenue	\$144.01m	\$179.32m	-20%
EBIT	\$26.52m	\$21.61m	+23%
PBT	\$26.47m	\$20.87m	+27%
NPAT	\$19.26m	\$14.83m	+30%
Basic earnings per share	28.25c	31.39c	-10%
Net assets	\$86.66m	\$41.75m*	+107%
Final dividend per share	7.5c	6.5c	+15%
Total annual dividend per share	9.5c	8.0c	+19%

Brisbane, 16 August 2010: Austin Engineering Limited (ASX trading code: **ANG**) is pleased to announce another record profit, with net profit after tax of \$19.3m for the 09/10 financial year, up 30% from the previous year's result.

Improved efficiencies across the Australian operations during the year due to larger orders and higher capacity utilisation were key factors behind the increased level of profitability. The result also reflected eleven months of revenue and profit contribution from the group's new operation in Chile, which performed very satisfactorily during the year. Solid operational performance by the group's joint venture operations in Oman also provided enhanced levels of profit contribution to the group's annual result.

Earnings before interest and tax increased by 23% to \$26.5m, at an average annual margin of 18.4%, confirming the improvement in operating performance achieved during the year. Other highlights include a 107%* increase in net assets and a reduction in the net gearing ratio to 2% from 22%* at the end of the previous year. Basic earnings per share of 28.25c for the year reflected the issue of approximately 21.4m new shares in relation to the \$31m capital raising program completed in July 2009 to facilitate the group's expansion into South America.

The Board has declared a fully-franked final dividend of 7.5c per share, bringing the full-year dividend to 9.5c, an increase of 19% over the previous year's total dividend. The record date for determining entitlement to the final dividend is 10 September 2010 with payment being made on 8 October 2010.

Commenting on the result for the year, Austin's Chairman Peter Fitch said "The excellent financial result achieved in the 09/10 financial year demonstrates that the business expansion initiatives undertaken over the past few years have positioned the Austin group as a leader in the mining equipment market in which it operates".

"The group, with the backing of its key JEC and Westech product lines, was able to withstand the effects of the global financial crisis very successfully. In addition as business conditions, particularly in Australia, improved over the course of the first half of the year, the group was able to realise the benefits of productivity-enhancing initiatives and the advantages of manufacturing larger series of products."

"The expansion into South America initiated in August 2009 upon the acquisition of the steel dump truck body business of Conymet Limitada in northern Chile was also a key development in solidifying the group's position in the global mining equipment market. The significant contribution of the group's new Chilean operation, Austin Ingenieros Chile Limitada, in the first eleven months of operation confirmed the importance of establishing a direct presence in the region and the considerable potential for growth" he said.

The group finished the year with \$88.7m of net assets, up from \$41.8m* at June 2009 whilst available free cash resources were \$21.1m, up from \$14.9m* in the previous year. Gross debt totalled \$23.3m, down from \$27m at June 2009 due to a stronger Australian dollar and the repayment of a \$2m property-related bank loan.

During the year the group renewed its principal banking facilities, with repayment of the USD 19m bank loan associated with the purchase of Westech in late 2007 being extended to February 2012 on an USD interest-only basis.

(Cont'd)

* excluding \$10.2m of tranche 1 funding from the institutional aspect of the capital raising completed in July 2009

Austin Engineering Ltd Full Year 2009-10 Financial Results (Cont'd)

Outlook

Mr Fitch said the forthcoming financial year would see further growth in Austin's domestic and global presence against a background of more stabilised business conditions in the mining services sector.

"Recent public announcements by some of Australia's largest miners in relation to projects aimed at increasing capacity and output indicate that business conditions are expected to remain positive in the near-to-medium term. This is encouraging for the mining services sector and in particular for Austin as there will most likely be an increased demand for mining equipment and associated services. Austin, with its presence in the key Australian mining regions, is well-placed to benefit from this expected lift in activity and already its Western Australian operation has a solid forward workload as it starts the new financial year" he said.

"Whilst the North American mining sector is expected to remain subdued for at least the first half of the new financial year, the South American mining sector is showing very positive signs of growth. The group's Chilean operation already has a secured workload for the first half of the financial year with very good prospects for an increased level of activity in the second half. The completion of the new production facilities in La Negra, close to Antofagasta in northern Chile, in the early part of the 2011 calendar year will also provide opportunities for growth in revenue volumes and profitability".

"At this early stage in the development of the financial year, it is expected that overall business conditions will remain very good for the Austin group with a bias of earnings towards the second half of the financial year, as experienced in previous years".

"The 2010/11 financial year will also see Austin progress its strategy for further business growth. The acquisition of Pilbara Hire Group Pty Ltd in Western Australia in early July 2010 was the first of various steps being undertaken to broaden and expand revenue streams, by entering into the key site-based repair and maintenance market. It is expected that this will be followed shortly by a similar expansion into the Hunter Valley region of New South Wales and also into the Calama region in northern Chile later in the year. In addition, the acquisition of another products-based business is actively being considered whilst initial set-up work is underway to enable manufacturing operations to be established in Indonesia within the next year. Colombia has also been identified as an area of opportunity and a number of other significant business development projects are in the process of being assessed with the objective of increasing Austin's market position" he said.

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For further information, contact Managing Director Michael Buckland or Chief Financial Officer Colin Anderson on +61 7 3271 2622.

About Austin Engineering: Austin Engineering Limited is an engineering company with manufacturing facilities in Australia, the USA, South America and the Middle East. The Australian facilities manufacture, assemble and overhaul products used in the mining and resources sector. Key product lines include dump truck bodies, large service vehicles, excavator buckets, materials handling equipment, mineral processing equipment as well as large structural steel projects. The USA facility (Westech) based in Casper, Wyoming, services the North and South American mining markets and is an industry-leading designer and manufacturer of specialised lightweight dump truck bodies. The Chile operation (Austin Ingenieros Chile) manufactures dump truck bodies and other mining products for the South American market. The Middle East operation principally services the aluminium smelter industries in the region. Austin also own rights to innovative welding processes which have been introduced to improve welding productivity. Robotic welding systems are also used for product lines, general fabrications and repetitive production processes.