

Austin

Engineering

Ltd

DIRECTORS

- Peter Fitch-Chairman
- Michael Buckland- Managing Director
- Peter Pursey-Non Executive Director
- Eugene Fung-Non Executive Director

Issued Capital

- **Shares on issue** **33.9 million**
- **Escrow shares** **1.8 million**
- **Options** **1.7 million**
- **Fully diluted** **37.4 million**

Substantial shareholders

- **Kaplan Funds Management** **5.54%**
- **Michael Buckland** **5.04%**

History

- **1982** *Ron and Gloria Austin open Austin Engineering.*
- **1991** *Due to growth, Austin Engineering relocate to current premises.*
- **1997** *Opened new profit centre paint and blast facility.*
- **2003** *Austin Engineering purchased by WA Metals.*
- **2004** *Austin Engineering floated on ASX.*
- **2004** *Acquires Johns Engineering in Western Australia*

Philosophy

- Develop an Internationally competitive engineering and construction business.
- Income producing asset with growth potential

Mechanism

- Capitalise on existing good reputation and client base.
- New management team brings new clients and technology.
- Introduction of automation and advanced procedures enhances contract opportunities.

Why Engineering?

- Significant number of large engineering projects scheduled in Qld, WA and NT over the next 10 years.
- New technology / automation will:
 - > *Improve business cost competitiveness*
 - > *Increase manufacturing capacity*
 - > *Enhance operational mobility*
 - > *Reduce reliance on skilled labor*
- New management with relevant industry knowledge and experience in projects recently announced.
- Opportunity to introduce new clients and products.
- Lack of competition.
- Strong cash flow and growth potential

Competition

- Closure of major workshops eg. United Construction, Transfield, ABB, Evans Deakin and ANI has resulted in a significant reduction of manufacturing resources.
- Traditional competition is based on semi-automatic\ manual welding processes.

Austin Engineering Ltd.

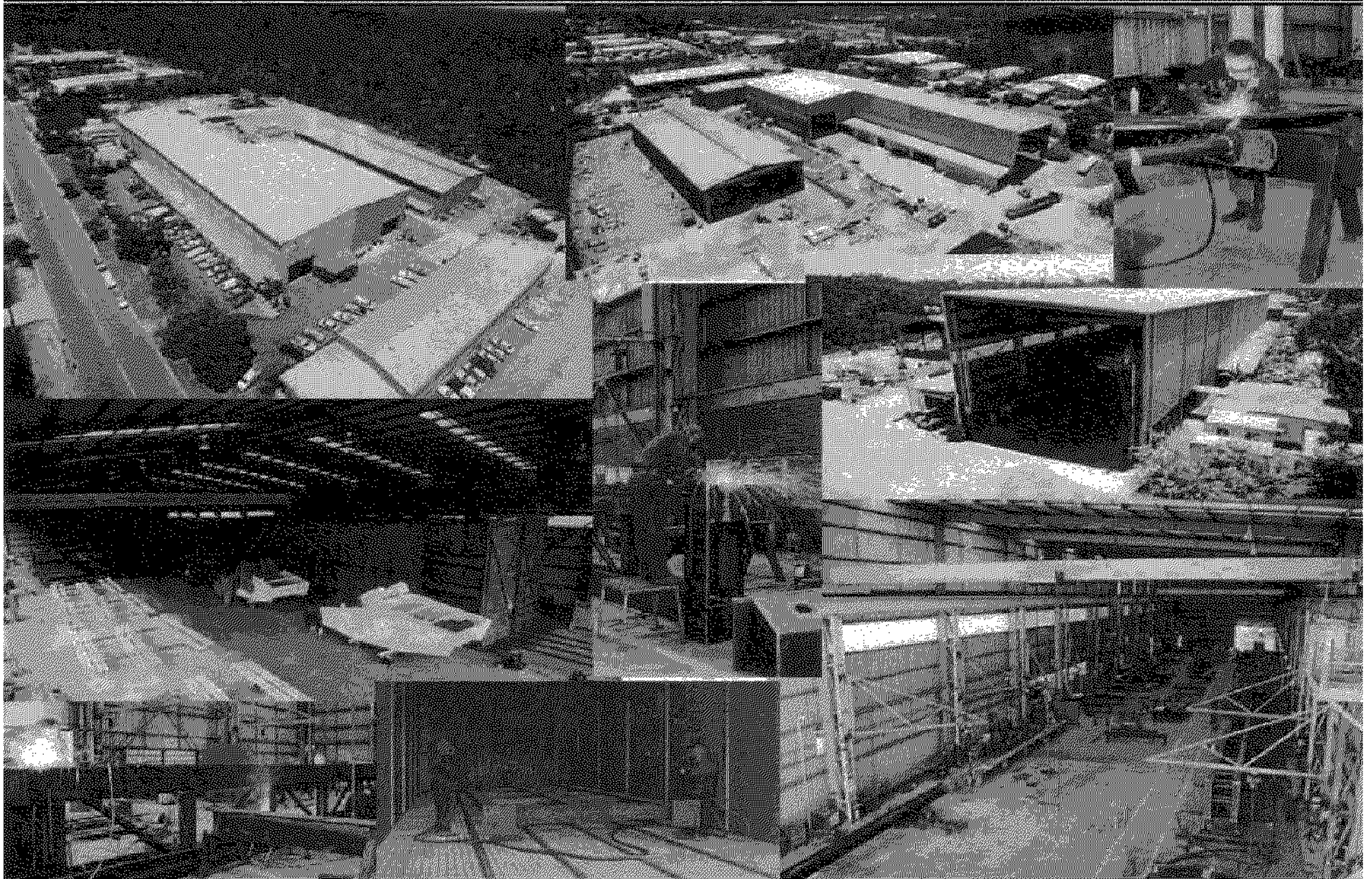
- Queensland based engineering business established in 1982.
- Good client base and excellent industry reputation.
- Grown to become one of the Queensland's largest fabrication workshops
- Services mining, oil/gas and industrial sectors.
- Large modern premises with room for expansion.
- Operated profitability for 20 years with annual turnover of \$8 to \$13 million and net profit of \$0.5 to \$2 million p.a.
- Facilities have capacity to expand

Engineering Facilities

- Situated in Wacol Industrial Estate, 20 km South West of Brisbane GPO.
- Site covers 26000 sq.m of land and incorporates the following:-
 - **Modern** high bay heavy industrial main workshop covering 2,558m squared serviced by 3x10 tonne travelling gantry cranes (designed for 2 x 40 tonne cranes.
 - **Additional** workshop bay covering 1,000m squared serviced by a 25 tonne overhead crane and 1 tonne wall cranes.
 - **Industrial** blasting and coating workshop covering 1,750m squared serviced by 2 x 10 tonne overhead cranes, a 2,750m squared hard stand section with overhead crane and a 20m x 6m x 6m blast room chamber.
- **Employs approximately 100 personnel:-**
 - 10 Management and administrative staff.
 - 35 permanent trades and apprentice personnel.
 - Contract trades and workshop labour as required- currently 55 personnel.

Proposed new technology has potential to substantially increase productivity from existing workshop facilities and workforce

Austin Engineering



Johns Engineering W.A

- Total cost of acquisition-inc-land, buildings, plant and equipment \$6.9 Mil.
- Valuation of property of vacant possession- \$5.60 Mil.
- Valuation of property on 5 x 5 year lease \$6.60 Mil.
- Revenue 2003-04 \$17.12 Mil.
- N.P.B.T. 2003-04 \$1.13 Mil

New Products



W.A Facility

- Situated in Kewdale Perth.
- Site covers 33000 sq.m - Consisting of- Workshop- 8000sq.m.
- Serviced by 3x 25, 3x 16 and 2x 10 tonne overhead cranes.
- Industrial blasting and coating facility.
- Employs 106 personnel.



Technology

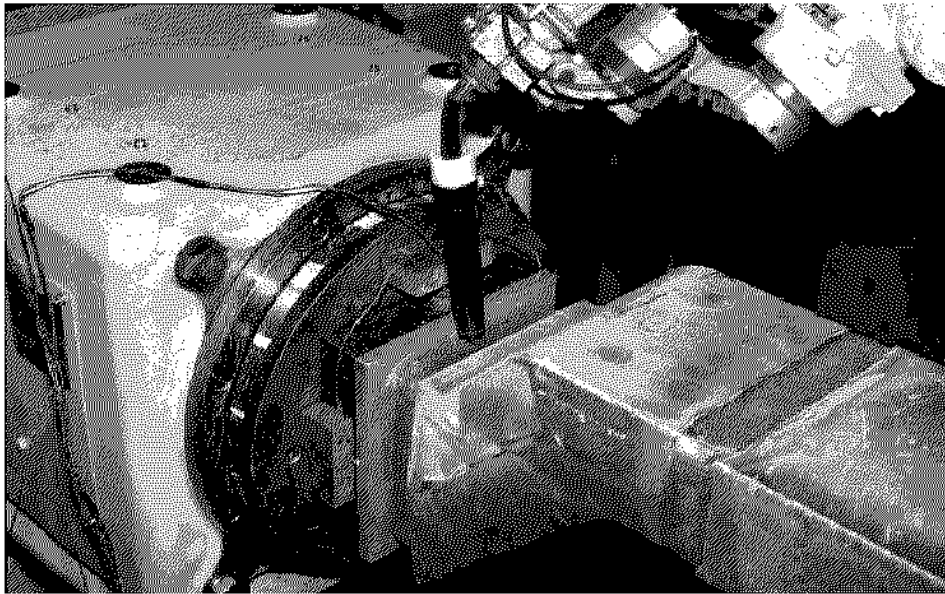
Austin Engineering will progressively introduce new welding technology into the existing workshop facilities over the next 6 months.

The innovative welding process, based on improved welding parameters, coupled with robotic application is well suited to product lines, general fabrications and the repetitive productive process.

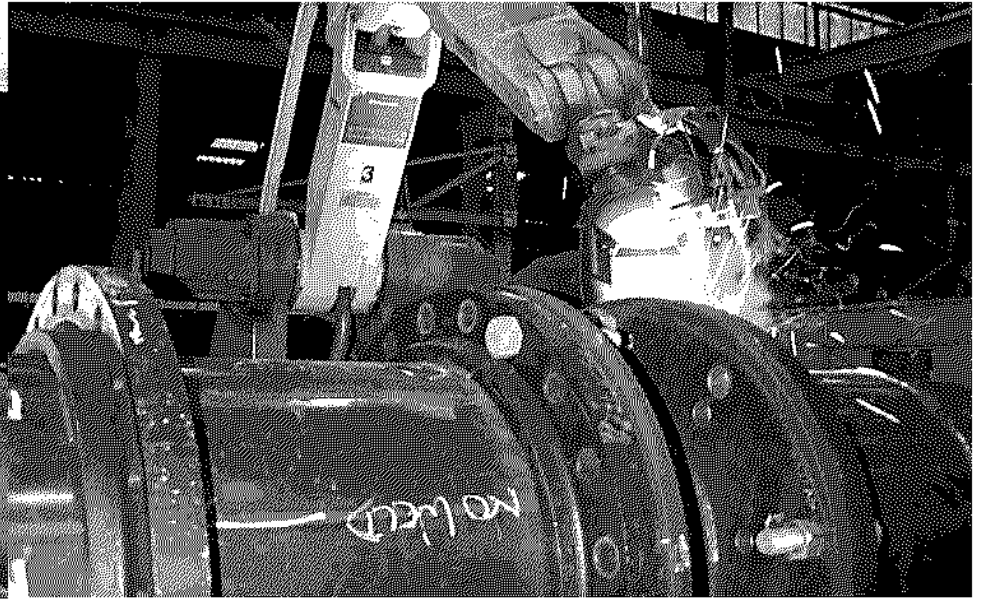
Benefits of the new technology include:-

- Significantly reduced costs.
- Increased productivity and revenue from existing workforce and facilities. (manual welding rate - 1.5kg/hr : automated welding- 8 to 14kg/hr)
- Reduction in level of skilled trades people enabling use of increased non-skilled labour with resulting cost reductions and improved operator availability.
- Portable technology facilitating expansion of operations to other sites within Australia or overseas.

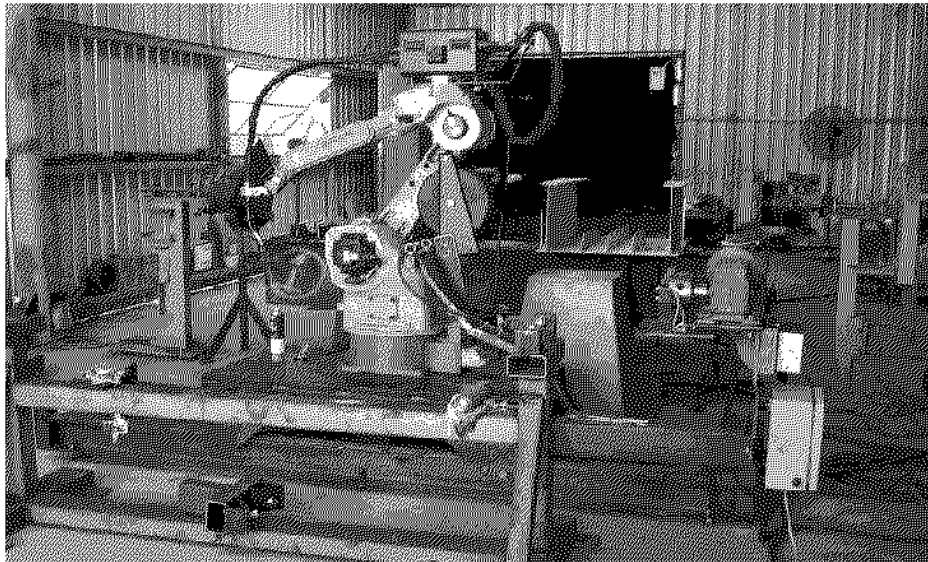
Full access to research centres and manufacturing technology programs and facilities, will enhance continuous technological improvement, ensuring Austin Engineering will become a world leader in the field of steel fabrication.



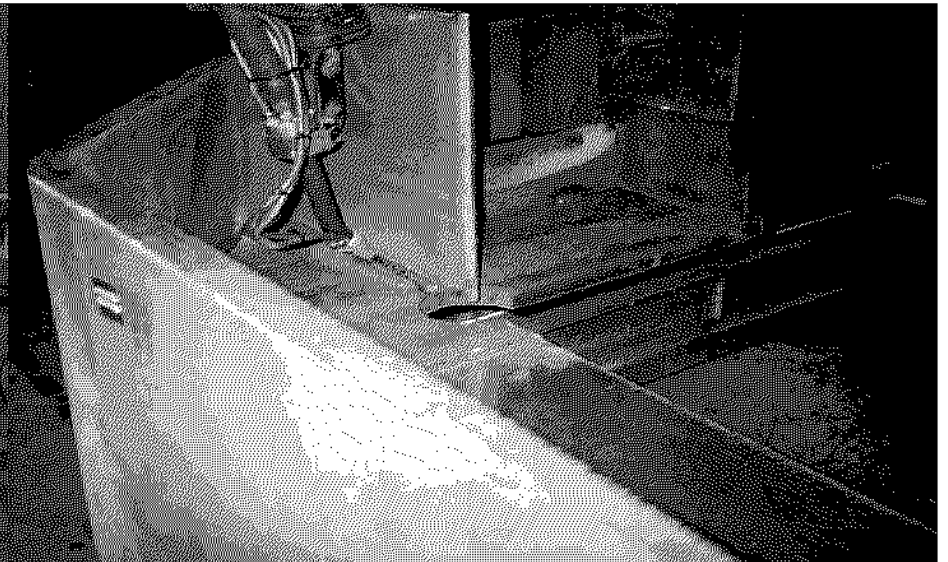
Welding Anode Rod Assemblies



Welding Pipe Spools



Austin Engineering Research
Centre



Welding Potshell End Wall

Key Engineering Personnel

Strategic personnel with extensive experience in management, technology and large scale project supervision will be introduced.

Personnel will be employed on a project basis to maintain the company's low overhead structure. Key Personnel are:-

- **Michael Buckland** - Managing Director - Mechanical Engineer, 24 years experience in engineering/construction.
- **Bill Dransfield** - Project Manager - 40 years experience in engineering business development and project management.
- **Nasir Ahmed** - Technology - expert consultant in development and application of robotic welding and cutting.
- **Jim Green** - Manufacturing.
- **Brian May** - Robotics and automation design.

Members of this team have been responsible for the development of new welding technology previously utilised in the successfully construction of prototype pot shells, busbar and automation of anode assemblies for the aluminum industry

Growth

Aggressive approach to increase revenue and profit

- *Targeting key projects and products suited to core skills and technology.*
- *Increasing size of tendered projects up to \$200 million.*
- *Maintain and expand Austin Engineering's traditional client base.*
- *Lease additional workshop facilities to accommodate new projects.*

Key product Lines

- *Piping*
- *Structural Steel*
- *Plate Fabrication*
- *Pot shells / Superstructures*
- **Expansion**
- *Establishment of WA facility.*
- *Targeted revenue of \$100M plus in 18 months*