

Sale and Leaseback of Queensland and WA facilities

Brisbane, 23 November 2005: Austin Engineering Limited (ASX Trading code: **ANG**) today announced that it had signed conditional contracts with a Brisbane-based property investment company for the sale and leaseback of both of its manufacturing premises in Queensland and Western Australia for a total of \$14.4 million.

Completion of the sales of both properties is expected to result in a pre-tax capital gain of approximately \$3.7 million, which will be included in the company's profit and loss result for 2005/2006.

The sales of both properties are conditional on the buyer completing a satisfactory due diligence of the Western Australia property by 6 December 2005. If this condition is not satisfied, the company has the option to proceed with the sale of Queensland only or to terminate the sales of both properties. If the company decides to proceed with the Queensland property only, the sale will be completed on or before 23 January 2006.

If the buyer's due diligence of the Western Australia property is satisfactory, the sale of the Queensland property will complete on or before 22 January 2006 but completion of the Western Australian property will remain conditional on Austin Engineering obtaining local town planning approval for the company's 15 year leaseback of part of the property. Subject to this further town planning condition being satisfied, completion of the sale of the Western Australian Property will occur on the later date of 23 January 2006 or 14 days after the date Austin Engineering gives written notice to the Buyer that the approval has been obtained. If the Western Australian approval is not obtained by the 20 February 2006, either party can terminate the Western Australian contract.

The proceeds from the sale of one or both of the properties will be used by the Company to repay existing debt associated with the purchase of the John's Engineering business and property in September 2004 and the Queensland property in March 2005. If the sales of both properties are completed, they will, after repayment of existing debt, generate approximately \$4.5m of cash before tax.

The company will lease back both premises for a term of 15 years, with two options to renew each for 5 years. The net rental for the two properties in the first year will be \$1.067 million. The additional rent expense is expected to be largely offset by interest and tax savings from the retirement of debt.

Under the leaseback arrangements following the sale of the Queensland property, the buyer has agreed to fund up to \$1.6 million of the cost of proposed extensions to the Queensland facility in return for a rental increase on completion of the extensions of 8% per year of the cost of the works. The company has previously announced an expansion of its existing Queensland facility in the current financial year which will add 1,600 square metres of manufacturing capability.

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For further information, contact Michael Buckland or Johan Andersson on 07 3271 2622.

About Austin Engineering: Austin Engineering Limited is an engineering company with manufacturing facilities in Brisbane and Perth. The Brisbane facility provides fabrication facilities servicing the mining, oil, gas and industrial sectors. Key product lines include structural steel, piping, mineral processing equipment, potshells and superstructures. The Perth facility designs and manufactures products used in the resources industry including dump truck bodies, excavator buckets, materials handling equipment and large service vehicles. Austin own rights to innovative welding processes which are being introduced to improve welding productivity, coupled with robotic applications to suit product lines, general fabrications and any repetitive production processes.