

Sale and leaseback of Queensland facility now unconditional

Brisbane, 7 December 2005 Austin Engineering Ltd (ASX Trading code: ANG) today announced that the sale and leaseback of its Queensland facility had become unconditional.

The sale price is \$6.1 million and completion is expected to occur on 23 January 2006. The sale of the Queensland facility is expected to generate:

- a pre-tax capital gain of approximately \$1.8 million, which will be included in the company's profit and loss result for 2005/2006; and
- after repayment of existing debt incurred to purchase of the Queensland property, surplus cash of approximately \$1.7 million before tax. The additional cash will be used by the Company to fund business growth including potential acquisitions.

Since announcing the deal on 23 November 2005, the Company has negotiated improved terms for the leaseback of the Queensland property with a reduction of the rent payable on the capital cost of the current extensions to the Company's new workshop, from 8.0% to 7.5% of the capital cost.

The buyer has advised the Company, however, that for the buyer's own strategic reasons, it has decided not to proceed with the purchase of the Western Australia facility and has terminated that contract.

Austin Engineering will now market the Perth property through Perth based agents. Their preliminary advice is that the market for this type of industrial property is buoyant and Austin can expect to sell and leaseback the property on terms which are comparable with the recent contract which did not proceed.

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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.