

Acquisition of Kaldura Industries

Brisbane, 3 April 2006: Austin Engineering Limited (ASX Trading code: **ANG**) today announced the acquisition of Kaldura Industries in Mackay, Queensland. The acquisition of Kaldura Industries is part of Austin Engineering's expansion and diversification strategy of having a regional facility specialising in mining equipment repairs to complement the existing fabrication operation in Brisbane. Following the acquisition, Austin Engineering now has a significant capability to provide both fabrication and equipment repair services to a buoyant resources industry.

The Mackay district services the majority of Queensland coal fields and is used as the major hub for the repair of mining equipment with a small amount of new manufacturing. The expansion of the resources industry has seen a significant uplift in the requirement for facilities to manufacture and repair mining equipment. Mackay is ideally placed for this use with the location near the majority of mines and a local workforce. This reduces mine costs in terms of transport and onsite labour.

Kaldura Industries has operated for 18 years and manufactures and repairs products used in the resources industry. The range of products includes haul trays and excavator buckets. Clients include major mining and OEM equipment suppliers.

Kaldura Industries is located in Paget, Mackay. There is potential for an expansion of the current facility. The total land area is 5,509 square metres with 2,230 square metres of workshop area.

Kaldura Industries revenue for 2004/05 financial year was \$4.7 million with a corresponding EBIT of \$1.26million. The purchase price reflects a multiple of 2.36 times EBIT on 04/05 figures.

Kaldura has a strong work-load with current orders on hand stretching well into the next financial year.

The purchase price for Kaldura Industries (land and business) is \$5.38 million plus allowances for inventory and work in progress. The purchase price is split with land \$2.4 million and the business \$2.98 million. The acquisition will be funded through the company's own cash resources.

Under the terms of the acquisition, completion of the sale and purchase of the business will occur on 30 June 2006 but Austin Engineering will be entitled to profits of the business from 1 April 2006.

Austin Engineering plans to grow the Kaldura business by:

- Introducing technology to the business currently in use in Perth and Brisbane operations.
- Introducing key personnel to the business.
- Increasing existing onsite repair service.

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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.