

Chairman's Address to Shareholders at 2008 AGM

Brisbane, 28 November 2008: Austin Engineering Limited (ASX Trading code: **ANG**) is pleased to announce the Chairman's address to shareholders as presented at the Company's 2008 Annual General Meeting held today.

Austin Engineering Ltd Chairman's Address

Good morning ladies and gentlemen. I would like to welcome you to the fifth annual general meeting of Austin Engineering Ltd.

It is my pleasant responsibility to report a fifth year of continuous revenue and profit growth with total revenue for 2008 increasing by 85% over 2007 to \$106.34 million and net profit after tax up by 132% to \$11.54 million. In line with this profit increase the Board was able to raise the total annual dividend from 4 cents to 7.5 cents per share, fully franked, also a substantial increase.

Austin, like virtually all other quoted companies, and despite our substantial increases in revenue and profit, has fallen victim to the worldwide stock market crash and our share price is currently trading at around one third of its price of a year ago. Based on our recent share price and brokers and analysts forecasts on our FY2008/09 results, we have been trading at a P/E ratio of between 2.5 to 4.5, which is considerably less than the average in recent years. Whilst other companies in our industry sector are also trading at P/E multiples much lower than historical averages, Austin's ratio is lower than the average of the industry sector within which we operate. Austin's current share price does not reflect our value and the strong performance we have delivered. We trust that when stability returns to the world's stock markets we will see a steady rise in the value of our shares to more appropriately reflect the value of the company going forward.

Since our last AGM we have made one further major acquisition, Westech Technology Services Inc. ("Westech") of Casper, Wyoming in the USA, one of the worlds leading designers and builders of lightweight truck bodies for off highway trucks. Westech bodies allow the mining operators to carry more payload per trip on their trucks thus improving the productivity and hence profitability of their truck fleets. This acquisition, whilst it has given us access to leading edge technology for dump truck bodies for our Australian customers, has had the added benefit of opening up other world markets for our JEC product range through Westech and their sales networks in areas of the world we do not service from Australia.

In Australia, the Westech expertise has lead to substantial growth in truck body orders for the Group as we now have the capability to both service our traditional Original Equipment Manufacturers (OEMs) using their proprietary designs and in addition offer the OEMs and their customers the Westech range of lightweight bodies. This has ensured that the Austin facilities in Perth and Brisbane have full forward order books for the balance of this financial year and in fact have orders extending out to 2010. It has also required that we lease further facilities in Perth to satisfy our West coast customers' delivery requirements and utilise a substantial percentage of our expanded Mackay facilities to support our East coast customers.

For Austin, despite the turmoil in the stock markets, we are still very much in "business as usual" mode and in fact are in negotiations for orders, both in Australia and offshore which, if successful, will keep our Australian facilities at full capacity well into the next financial year.

The same is true for Westech who are becoming more involved in the major mining markets of South America, namely Brazil and Chile, whilst maintaining a steady work load in their Casper facility for its American and Canadian customers. Furthermore after mounting a very successful exhibit at MINEXPO, the 4 yearly show in Las Vegas at which all the worlds leading mining machinery companies show their latest products, Westech has suitors from other major mining areas of the world who are interested in marketing their designs and product.

I would now like to comment more generally on the way forward for Austin.

As you are aware Austin has grown rapidly in the last 5 years, in part organically from its original Brisbane base, but more dramatically from its strategic acquisitions of JEC, Kaldura Industries, Austbore and more recently Westech.

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We expect to make further acquisitions in the future as opportunities arise which meet our strategic plans and earnings targets. The successful acquisition of Westech has opened our horizons to possible further offshore acquisitions should the opportunity arise. This would probably require the addition of a further non-executive director with international trading experience, hence the request to increase the funding for directors fees which we are putting to shareholders at this meeting.

In 2009 we will for the first time be recording the full year revenue and profit from Westech and we expect to see the start of profit flows from the first \$9m contracts we received this (calendar) year with our JV partner in Oman. Based on these additional revenue and profit streams together with the full workload in our Australian facilities we expect EBIT to be between \$11.5m and \$12.5m for the six months to 31 December 2008, an increase of 64% to 79% over \$7m EBIT for the corresponding period last year. In line with my earlier comments regarding our current forward order position, we expect to achieve a good second half.

As is our usual practice we will be providing full year guidance at the time of the release of our half year results. Suffice it to say, however, that we expect to be able to increase our dividend year on year for 2009.

The success of your company is in no small measure a result of the efforts of the excellent management and staff in the Austin Group and on your behalf I would like once again to thank them for their efforts and wish them well in their endeavours this year.

I now hand over to Michael Buckland to make his presentation covering the highlights of the last year.

Thank you.

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For questions on the above, please contact Michel Buckland or Colin Anderson on 07 3271 2622.

About Austin Engineering: Austin Engineering Limited is an engineering company with manufacturing facilities in Australia and the USA. 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. Austin also own rights to innovative welding processes which have been introduced to improve welding productivity, coupled with robotic applications to suit product lines, general fabrications and any repetitive production processes.