AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results

	Year to 30 June 2009 $000		Year to 30 June 2008 $000
Revenue	**179,316**	***up 69% from***	**106,343**
Net Profit After Tax Attributable to Members	**14,832**	***up 29% from***	**11,536**

Brief Explanation of Movements in Revenue and Net Profit

The increase in revenue and net profit after tax for the year ended 30 June 2009 over the comparative period is due to a combination of factors including:

- Continued strong demand for the company's products and services despite global market conditions during the reporting period;
- A full year of contribution from Western Technology Services Inc ("Westech") in the USA (which was acquired in November 2007 and contributed only seven months of revenue and profit in the financial year ended 30 June 2008); and
- Successful expansion of the Westech dump truck body range into the Australian market during the year.

Dividends and Dividend Reinvestment Plans

	Amount per Security	Franked Amount per Security
Final dividend paid on 10 October 2008 for the financial year ended 30 June 2008	6.5	6.5
Interim dividend paid on 27 March 2009 for the financial year ended 30 June 2009 (up from 1.0c in the previous year)	1.5	1.5
Final dividend declared for the financial year ended 30 June 2009	6.5	6.5
Total dividend for the financial year ended 30 June 2009 (up from 7.5c in the previous year)	8.0	8.0
Record date for determining entitlement to the final dividend	11 September 2009	
Date for payment of final dividend	9 October 2009	

There were no dividend reinvestment plans in operation during the period.

Net Tangible Assets per Security

	Year to 30 June 2009	Year to 30 June 2008
Net tangible asset backing per ordinary security (cents)	63.2	31.6

Control Gained Over Entities Having a Material Effect

None

Associates or Joint Ventures

The company has a 50% interest in the Majan Aluminium Services Company, based in Oman, which was formed for the purpose of servicing the needs of the aluminium smelter and other industries in the Middle East.

Audit

This summarised report is based on financial data that has been subject to audit and for which no material adjustments or misstatements have been identified or require correction.

AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

COMMENTARY

Financial Highlights

	FY2009	FY2008	Increase
	$m	$m	%
Revenue	179.32	106.34	69%
EBIT	21.61	17.05	27%
PBT	20.87	16.40	27%
NPAT	14.83	11.54	29%
Basic earnings per share (cents)	31.39	24.73	27%
Net assets	51.95	31.62	64%
Final dividend per share (cents)	6.5	6.5	-
Total annual dividend per share (cents)	8.0	7.5	7%

Review of Operations

Revenue was $179.3m for the year ended 30 June 2009, up 69% from the previous year's level of $106.3m. Over the course of the financial year, the company continued to experience strong demand for its products and services both domestically and overseas. The first six months of the financial year was a period of intense activity for the company as a result of record activity levels across the mining and resources sector. Growing customer acceptance of the company's Westech dump truck body range was also a key feature of revenue development during the year. The receipt of orders totalling $32m for 75 bodies over the course of January and February 2009 at the peak of the global economic crisis was a significant achievement for the company. Whilst not completely insulating the company from the effects of the economic slowdown, the orders still enabled the company to operate with a solid base workload in the second half of the financial year.

Revenue for the financial year also included a full year of contribution from Western Technology Services Inc ("Westech"), which contributed only seven months of revenue in the previous financial year, following its acquisition in late November 2007.

Result for the Financial Year

Earnings before interest and tax (EBIT) increased by 27% to $21.6m, up from $17.1m in the previous financial year. The volume growth in EBIT followed the increased level of activity across operations in the year. EBIT margins over the year were less than the corresponding period due to a number of one-off factors, including provisions and recovery costs related to an unpaid trade receivable from a customer, lower than average initial margins on a newly-introduced product line earlier in the year and no external licence fee revenue.

Profit before tax of $20.9m, up 27% from $16.4m in the previous financial year, largely tracked the development of EBIT and included a full twelve months of interest cost associated with the USD 19m bank loan that was drawn-down upon the acquisition of Westech. Interest costs on this loan are US dollar-denominated and over the latter part of the financial year were very low as a result of underlying downward interest rate movements in the US economy.

Financial Position

Net assets increased to $52m from $31.6m in the previous financial year, an increase of 64%. The increase in total assets reflected the growth in the company's profitability as well as the introduction of $10.2m of new equity towards the end of June 2009, representing funds received from Tranche 1 of the Institutional Placement announced to the market on 16 June 2009. The levels of working capital at the end of the financial year were consistent with the level of activity throughout and leading up to the end of the financial year.

Cash Flow and Liquidity

The company generated $21.9m of net operational cash inflow over the year, up from $13.5m in the previous financial year. Despite the economic disturbances caused by the global financial crisis, the company was able to maintain its existing commercial relationships and trading terms with customers and suppliers, resulting in good operational cash flows throughout the year.

The company undertook a number of capital expenditure programs during the period, with almost $3.2m being expended on initiatives to increase productivity and to introduce new revenue streams to the operations, including $0.8m on a new plasma cutting system in the Perth workshop. $2.5m was also expended on the purchase of the Austbore workshop in Mackay, which was rented from the previous owners of the business until March 2009. $0.4m of the purchase price was funded from operational cash flows, with the remaining $2.1m being financed by way of a bank loan.

Free cash resources at the end of the financial year were $25.1m, including $10.2m of new equity from Tranche 1 of the Institutional Placement. Underlying year-end cash balances of $14.9m compared to $5.8m at the end of the previous financial year.

Debt

At the end of the financial year, the balance sheet included three components of debt totalling $27m; a USD19m ($23.6m Australian dollar equivalent) bank loan for the acquisition of Westech in 2007, a $2.0m bank loan for the purchase of the Austbore workshop in Mackay drawn-down in April 2009 and $1.4m of finance lease and hire purchase obligations.

The USD 19m loan, which is interest-only, attracts US interest rates and at the end of the financial year these were 1.85%, including the bank's margin. The company's banking facilities were renewed in December 2008 with repayment of the Westech loan being extended to late October 2010. Other working capital and bank guarantee facilities were maintained until the next review of facilities due in October 2009. Following the annual review of bank facilities in December 2008, the cost of facilities more than doubled from the levels applied previously. Virtually of all this increase was a direct result of the increased cost of funding within the wider banking environment.

The provision of banking facilities requires that the company complies with three principal covenants, mainly in relation to debt servicing and interest cover. The company operated within the covenants very comfortably throughout the financial year, with EBIT interest cover of 24 times for the year and a year-end Debt-to-EBITDA ratio of 1.13. None of the covenants have conditions related to the company's share price or market capitalisation.

AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Capital Raisings

On 16 June 2009 the company announced a $31m capital raising program, consisting of a $26m Institutional Placement and a $5m Shareholder Share Purchase Plan.

The proceeds of the Placement were received in two Tranches, with Tranche 1 raising $10.2m from the issue of 7.0m shares at $1.45 per share on 22 June 2009. Tranche 2 of the Placement was completed on 23 July 2009, with $15.8m being raised from the issue of 10.9m shares, also at $1.45 per share. The $26m raised from the Placement was used to fund the cost of an expansion of the company's activities into Chile in South America, by way of the acquisition of the steel dump truck body business of Conymet Ltda. The acquisition of Conymet was confirmed on 3 August 2009 for a cash consideration of USD 19.6m.

The Share Purchase Plan was completed on 27 July 2009, with $4.9m of the $5.0m sought by the company being raised by the issue of 3.3m shares at $1.45 per share. The proceeds of the Share Purchase Plan will be used to provide the company with additional working capital, to repay the balance of the bank loan for the purchase of the Austbore workshop in Mackay and to assist with the purchase of property associated with the Conymet acquisition.

Dividends

The company paid a final dividend of 6.5c per share for the 07/08 financial year on 10 October 2008 and an interim dividend of 1.5c per share for the 08/09 financial year on 27 March 2009. The interim 08/09 dividend was up 50% from the previous year's level. A final dividend of 6.5c per share, similar to the previous year's level, has been declared for the 08/09 financial year, bringing the total dividend for the year to 8.0c per share, an increase of 7%. This final dividend will be paid on shares issued under both tranches of the Placement and Shareholder Share Purchase Plan. The dividend payout ratio for the year is approximately 35%, consistent with the company's existing dividend payout ratio policy of 25% to 40%.

Outlook

The company enters the new financial year with markedly different business conditions from the same time last year. Whilst the global economic disturbances led to a marked reduction in the level of activity by the major miners in the first calendar half of 2009, there are signs that business conditions are stabilising and improving. This has become particularly evident for the company with enquiries and tendering activity for the company's products having increased significantly in recent periods.

The company's Queensland operations begin the 09/10 financial year with a solid workload well into the 2010 calendar year, mainly servicing the equipment requirements of miners in the Hunter Valley and Bowen Basin regions. In more recent weeks, further orders have been received for dump truck bodies for the Bowen Basin in Queensland. Of particular note is an order for 8 "ultra-class" bodies for a major OEM, which will be the first time that these large bodies will be manufactured and delivered in Australia. Business conditions in WA are improving, with orders now being received for dump truck bodies for manufacture and delivery into the beginning of the 2010 calendar year. Miners and OEMs remain cautious in North America, however enquiry and tendering activities are also showing signs of recovery.

As announced to the market on 3 August 2009, the acquisition of the dump truck body business of Conymet Ltda in Chile enables the company to enter into a key market where major miners are progressing with expansion plans, their equipment needs are significant and where competition and operational risks are low. Integration of the Conymet business (which will operate under the name of Austin Engineering Chile) into Austin's existing business structure and expansion of the company's Westech and JEC product ranges into Chilean operations will be a key business and operational objective throughout the 09/10 financial year. In addition, a joint venture will be established in Brazil in order to take advantage of the market opportunity that also exists in that region.

AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES

PRELIMINARY INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

		2009		2008	
	Notes	Consolidated Entity	Parent Entity	Consolidated Entity	Parent Entity
		$000	$000	$000	$000
Revenues from continuing operations	2	179,316	107,640	106,343	71,156
Raw materials and consumables expenses		(75,417)	(51,599)	(36,524)	(27,897)
Employment expenses		(59,671)	(30,729)	(37,184)	(23,203)
Subcontractor expenses		(1,461)	(1,264)	(2,160)	(1,558)
Occupancy and utility expenses		(3,564)	(2,765)	(2,932)	(2,310)
Depreciation and amortisation expense		(2,243)	(1,314)	(1,807)	(1,105)
Other expenses from ordinary activities		(15,161)	(6,023)	(8,503)	(5,068)
Borrowing expenses		(929)	(809)	(834)	(683)
Profit before income tax		20,870	13,137	16,399	9,332
Income tax expense		(6,038)	(3,548)	(4,863)	(2,569)
Profit for the full year attributable to members of the Company		**14,832**	**9,589**	**11,536**	**6,763**
Earnings per Share:					
Basic earnings per share (cents)	3	31.39		24.73	
Diluted earnings per share (cents)	3	29.39		23.44	

The accompanying notes form part of this preliminary income statement.

AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES

PRELIMINARY BALANCE SHEET

AT 30 JUNE 2009

	Notes	2009 Consolidated Entity	2009 Parent Entity	2008 Consolidated Entity	2008 Parent Entity
		$000	$000	$000	$000
Current Assets					
Cash and cash equivalents		25,070	17,931	5,810	4,535
Trade receivables		18,845	10,331	22,695	16,074
Inventories		9,712	5,447	11,500	5,233
Other		611	16,590	1,172	18,897
Total Current Assets		54,238	50,299	41,177	44,739
Non-Current Assets					
Property, plant and equipment		26,704	10,875	21,846	10,176
Available for sale financial assets		3,918	23,460	1,717	20,135
Intangible assets		17,708	2,706	16,752	2,706
Deferred tax assets		2,777	1,463	1,329	333
Total Non-Current Assets		51,107	38,504	41,644	33,350
Total Assets		105,345	88,803	82,821	78,089
Current Liabilities					
Trade and other payables		20,689	18,158	26,044	29,279
Financial liabilities		565	138	548	120
Current tax liabilities		1,385	1,042	1,124	1,088
Provisions		4,112	2,167	1,867	887
Total Current Liabilities		26,751	21,505	29,583	31,374
Non-Current Liabilities					
Financial liabilities		26,388	25,902	21,291	20,379
Deferred tax liabilities		259	15	324	5
Total Non-Current Liabilities		26,647	25,917	21,615	20,384
Total Liabilities		53,398	47,422	51,198	51,758
Net Assets		**51,947**	**41,381**	**31,623**	**26,331**
Equity					
Contributed equity	4	23,094	23,094	13,000	13,000
Retained profits		29,910	18,767	18,361	12,946
Reserves		(1,057)	(480)	262	385
Total Equity		**51,947**	**41,381**	**31,623**	**26,331**

The accompanying notes form part of this preliminary balance sheet.

AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES

PRELIMINARY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	Contributed Equity	Retained Profits	Reserves	Total
	$000	$000	$000	$000
Consolidated Entity				
Opening balance at 1 July 2007	9,694	8,918	-	18,612
Profit for the year	-	11,536	-	11,536
Issue of shares	3,136	-	-	3,136
Dividends paid	-	(2,093)	-	(2,093)
Deferred tax adjustment to equity items	170	-	-	170
Options reserve movement	-	-	385	385
Foreign exchange reserve movement	-	-	(123)	(123)
Closing balance at 30 June 2008	13,000	18,361	262	31,623
Opening balance at 1 July 2008	13,000	18,361	262	31,623
Profit for the year	-	14,832	-	14,832
Issue of shares	10,026	-	-	10,026
Dividends paid	-	(3,768)	-	(3,768)
Deferred tax adjustment to equity items	68	-	517	585
Adjustment to value of available for sale financial assets	-	-	(1,723)	(1,723)
Options reserve movement	-	-	341	341
Foreign exchange reserve movement	-	485	(454)	31
Closing balance at 30 June 2009	23,094	29,910	(1,057)	51,947
Parent Entity				
Opening balance at 1 July 2007	9,694	8,276	-	17,970
Profit for the year	-	6,763	-	6,763
Issue of shares	3,136	-	-	3,136
Dividends paid	-	(2,093)	-	(2,093)
Deferred tax adjustment to equity items	170	-	-	170
Options reserve movement	-	-	385	385
Closing balance at 30 June 2008	13,000	12,946	385	26,331
Opening balance at 1 July 2008	13,000	12,946	385	26,331
Profit for the year	-	9,589	-	9,589
Issue of shares	10,026	-	-	10,026
Dividends paid	-	(3,768)	-	(3,768)
Deferred tax adjustment to equity items	68	-	517	585
Adjustment to value of available for sale financial assets	-	-	(1,723)	(1,723)
Options reserve movement	-	-	341	341
Closing balance at 30 June 2009	23,094	18,767	(480)	41,381

The accompanying notes form part of this preliminary statement of changes in equity.

AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES

PRELIMINARY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

		2009		2008	
	Notes	Consolidated Entity	Parent Entity	Consolidated Entity	Parent Entity
		$000	$000	$000	$000
Cash flows from operating activities					
Receipts from customers		189,943	121,474	116,037	76,817
Payments to suppliers and employees		(161,771)	(106,053)	(97,887)	(62,763)
Interest received		202	186	183	164
Dividends received		217	217	-	-
Borrowing costs		(929)	(809)	(834)	(683)
Income tax paid		(5,760)	(4,130)	(4,015)	(2,789)
Net cash provided by operating activities	5	21,902	10,885	13,484	10,746
Cash flows from investing activities					
Purchase of business and company		(212)	(219)	(22,683)	(9,616)
Purchase of property, plant and equipment		(5,748)	(2,013)	(5,670)	(4,655)
Investments in other financial assets		(3,712)	(3,376)	(1,399)	(1,399)
Net cash used in investing activities		(9,672)	(5,608)	(29,752)	(15,670)
Cash flows from financing activities					
Proceeds from issue of shares		10,026	10,026	3,136	3,136
Proceeds from borrowings		2,100	2,100	21,590	21,590
Issue of inter-company loans		-	-	-	(13,068)
Repayment of borrowings		(667)	(239)	(6,866)	(6,201)
Dividend payment		(3,768)	(3,768)	(2,093)	(2,093)
Net cash provided by financing activities		7,691	8,119	15,767	3,364
Net (decrease)/increase in cash held		19,921	13,396	(501)	(1,560)
Cash at the beginning of the year		5,810	4,535	6,311	6,095
Currency exchange movements		(661)	-	-	-
Cash at the end of the year		**25,070**	**17,931**	**5,810**	**4,535**

The accompanying notes form part of this preliminary cash flow statement.

Note 1: Basis of preparation of preliminary financial statements
The preliminary report has been prepared on an accruals basis and is based on historical costs modified, where appropriate, by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The accounting policies applied in this preliminary report are the same as those applied by the company in the financial report as at and for the year ended 30 June 2008. The principal accounting policies have been consistently applied to the periods presented, unless otherwise stated.

Note 2: Revenue and segment reporting

	2009		2008	
	Consolidated Entity	**Parent Entity**	**Consolidated Entity**	**Parent Entity**
	$000	$000	$000	$000
Revenue from operating activities:				
Mining equipment manufacture and repair and steelwork fabrication	178,514	106,431	105,108	70,847
Licence fees	-	-	894	-
	178,514	106,431	106,002	70,847
Interest received	202	661	183	164
Dividends received	217	217	-	-
Other revenue	383	331	158	145
	179,316	107,640	106,343	71,156

Note 3: Earnings per share

	2009	2008
	$000	$000
Earnings used in basic and diluted earnings per share calculation	14,832	11,536
	No. (000)	No. (000)
Weighted average number of ordinary shares used in calculating basic earnings per share	47,256	46,641
Effect of dilutive securities - share options	3,205	2,575
Weighted average number of ordinary shares used in calculating diluted earnings per share	50,461	49,216

Note 4: Contributed equity

	2009		2008	
	No. (000)	$000	No. (000)	$000
Ordinary shares, fully paid, net of transaction costs:				
Balance at beginning of year	46,991	13,000	43,269	9,694
Issue of shares on exercise of options	100	50	2,222	942
Issue of performance-related shares	50	-	-	-
Issue of placement shares	7,037	10,203	1,500	2,295
Cost of share issues	-	(227)	-	(100)
Deferred tax adjustment to cost of share issues	-	68	-	169
Balance at end of year	54,178	23,094	46,991	13,000

Note 5: Reconciliation of profit after income tax to net cash inflow from operating activities

	2009		2008	
	Consolidated Entity	Parent Entity	Consolidated Entity	Parent Entity
	$000	$000	$000	$000
Reconciliation of cash flow from operations with profit from ordinary activities after tax:				
Profit after income tax	14,832	9,589	11,536	6,763
Depreciation	2,243	1,314	1,807	1,105
Share options expense	341	341	385	385
(Increase)/decrease in receivables	4,897	5,744	(4,978)	(8,204)
(Increase)/decrease in inventories	3,204	(214)	(4,002)	(2,509)
(Increase)/decrease in other assets	594	4,535	1,249	907
Increase/(decrease) in payables	(6,068)	(11,122)	8,315	12,781
Increase/(decrease) in income taxes payable	(259)	(582)	(740)	(222)
Increase/(decrease) in provisions	2,118	1,280	(88)	(260)
Cash flow from operations	**21,902**	**10,885**	**13,484**	**10,746**

Note 6: Acquisition of business
On 30 November 2007, the company, through its newly-formed 100% owned subsidiary Austin Engineering USA Inc., acquired all of the issued shares in Western Technology Services Inc. for a cash consideration of US$19 million. Details of the fair value of net assets that were acquired in the period ending 31 December 2007 were as follows:

	2009	2008
	$000	$000
Cash	-	1,787
Receivables	-	8,090
Inventories	-	4,771
Deferred tax assets	-	1,767
Other assets	-	188
Property	-	7,528
Plant and equipment	-	1,203
Payables	-	(4,031)
Bank overdraft	-	(522)
Other liabilities and provisions	-	(4,757)
		16,024
Goodwill on acquisition	-	6,659
	-	22,683

There were no business combinations in the year ended 30 June 2009.

Note 7: Contingent liabilities and contingent assets
There are no contingent liabilities or assets that have a material impact on the financial statements at 30 June 2009.

Note 8: Dividends
The company has declared a fully-franked final dividend of 6.5c per share payable on 9 October 2009 in relation to the financial year ended 30 June 2009.

Note 9: Events subsequent to reporting date
On 23 July 2009, the company announced that it had completed the capital raising program comprising of a $26m Institutional Placement. Approximately $15.8m was raised from the issue of the 'Tranche 2' shares of the placement, representing 10.93m shares at $1.45 per share, following approval of the issue by shareholders in general meeting on 20 July 2009.
On 27 July 2009, the company announced that it had completed the Shareholder Share Purchase Plan program and had raised $4.9m from the issue of 3.33m shares at $1.45 per share.
On 3 August 2009, the company announced it had completed the acquisition of the steel dump truck body business of Conymet Limitada, based in Chile, for the cash consideration of USD 19.6m.