

Another Record Year for Austin Engineering

Financial Highlights

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

Brisbane, 17 August 2009: Austin Engineering Limited (ASX trading code: **ANG**) is today pleased to announce that it has returned another record result, with net profit after tax for the 2008-09 financial year increasing by 29% to \$14.83m over the corresponding period last year.

The result was achieved on a 69% increase in revenue to \$179.32m, which reflected continued strong demand for the Company's products and services. The result also reflected a full year of revenue and profit contribution from Western Technology Services (Westech) in the US, which contributed only seven months in the previous year following its acquisition in late November 2007.

Other highlights of the result include a 27% increase in earnings before interest and tax (EBIT) to \$21.61m, a 64% increase in net assets to \$51.95m and a 62% increase in operating cash flows to \$21.90m. Basic earnings per share also increased by 27% to 31.4c per share.

The Board has declared a final dividend of 6.5c per share, fully franked, taking the full year dividend to 8.0c per share, an increase of 7% over the previous year's total dividend. The record date for the final dividend is 11 September 2009 with payment being made on 9 October 2009.

Austin's Chairman Peter Fitch said "The record result is particularly pleasing, given that it was achieved during a period of acute economic disturbance within the domestic and global markets within which the Company operates".

"Austin continued to expand its customer base and successfully increased the market penetration and customer acceptance of its product lines and capabilities during the year. The introduction of the Westech dump truck body range in Australia has also been a key success with the productivity-enhancing advantages of the bodies being recognised by an increasing range of customers".

"The Company's individual business units also responded well to a series of tough operational challenges during the year, which was marked by skilled labour shortages, increased input costs and very demanding customer delivery schedules in the first half and significant changes in customer requirements and economic conditions in the second half".

The solid operational cash flow performance for the year resulted in underlying free cash resources of \$14.9m at the end of the financial year (excluding \$10.2m of funds raised from Tranche 1 of the Institutional Placement completed in late June 2009). Gross debt totalled \$27m, comprising mostly of a USD 19m (\$23.6m Australian dollar equivalent) bank loan for the acquisition of Westech in 2007. During the year, the term of this loan was extended to late October 2010 on an interest-only basis. Net gearing (excluding the Tranche 1 placement funds) was 22% at the end of the year, down from 34% last year. The Company was in compliance with all bank covenants throughout the financial year.

(Cont'd)

Austin Engineering Ltd Full Year 2008-09 Financial Results (Cont'd)

Outlook

Mr Fitch said Austin entered 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 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, servicing the equipment requirements of miners in the Hunter Valley and Bowen Basin regions. 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".

"The Company is also very pleased to have received an important order in recent weeks for 8 "ultra-class" bodies for a major OEM for delivery into the Bowen Basin. This will be the first time that these large bodies will be manufactured and delivered in Australia and the Company is delighted to have secured this significant order".

The completion of Tranche 2 of the Institutional Placement and the 2009 Shareholder Share Purchase Plan in late July 2009 enabled the Company to fulfil its South America expansion plans through the acquisition of the Chile-based steel dump truck business of Conymet Ltda. in early August 2009. Mr Fitch said "Chile offers significant growth opportunities for the Company and it is expected that South America operations will become a notable feature of the Company's overall business activities in the future".

"A solid forward workload for the new Austin Engineering Chile operation has already been secured. Orders for 26 dump truck bodies from Chile's major copper miner have been received within the first two weeks of acquisition of the business. These, together with 7 bodies to be completed on a subcontract basis for customers of the existing Conymet business, give the operation over 50% of its budgeted orders for the 09/10 financial year".

"Enquiry levels for dump truck bodies and Austin's other product ranges in Chile are also very good and further orders are expected over the coming months. In addition to operations in Chile, the establishment of operations in Brazil through a joint venture arrangement is expected to be finalised over the next 4 to 8 weeks".

End

For further information, contact Managing Director Michael Buckland or Chief Financial Officer Colin Anderson on +61 7 3271 2622.

About Austin Engineering: Austin Engineering Limited is an engineering company with manufacturing facilities in Australia, the USA and the Middle East. 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. The Chile operation (Austin Engineering Chile) manufactures dump truck bodies and other mining products for the South American market. The Middle East operation principally services the aluminium smelter industries in the region. 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.