

Austin Returns Another Solid Interim Result

Brisbane, 15 February 2010: Austin Engineering Limited (ASX trading code: **ANG**) is today pleased to announce that it has returned another solid interim result, with a net profit after tax of \$8.2m for the half-year ended 31 December 2009, up from \$8.1m in the corresponding prior period.

The \$8.2m NPAT result was achieved against a background of challenging business conditions caused by the after-effects of the global financial crisis, which saw marked changes in customer's equipment expenditure plans over the latter part of the previous financial year and led to reduced sales volumes in the six months to December 2009.

Underpinning the NPAT result was an improvement in EBIT performance with a margin of 16.4% being generated in the period, up from 12.8% for the corresponding prior period and 11.2% for the last six months of the previous financial year. Productivity gains, together with good profitability from operations in Oman and Chile, were factors behind the improvement in EBIT margins. EBIT for the half-year of \$11.0m compared against \$12.1m for the corresponding prior period, which was a period of record activity for the mining services sector and was higher than the \$9.5m EBIT result achieved in the second half of the 08/09 financial year.

The result included five months of contribution from the group's newly-established operations in Chile, which performed above expectations and internal budgets. Other highlights include a 117% increase in net assets and a reduction in the net gearing ratio to 9% from 22%* at June 2009 and 36% at December 2008. Basic earnings per share of 12.19c for the half-year reflected the issue of approximately 21.4m new shares in relation to the \$31m capital raising program completed in July 2009 for the expansion into South America.

The Board has declared an interim fully-franked dividend of 2.0c per share, an increase of 33% over the previous year's interim dividend of 1.5c per share, reflecting the current and predicted strength of operational performance. The record date for the interim dividend is 26 February 2010 with payment being made on 26 March 2010.

Austin's Chairman Peter Fitch said "The solid result achieved in the half-year is very pleasing as it confirms the sustainability and strength of Austin's business model, product range and customer relationships through what was a unique and difficult trading period for the mining services sector".

"Prior and current investment in earnings-accretive businesses, together with strong branding and product reputation through the JEC, Westech and, as of August 2009, the Chilean 'TAE' dump truck body designs and products ranges has enabled Austin to weather the effects of the global financial crisis when other companies in the mining services sector were experiencing reduced profitability in a tough commercial environment".

"Management and operational teams across the group's businesses are now achieving expected operating margins through the use of technology and improved production methodologies whilst at the same time meeting or exceeding customer delivery expectations. These factors played, and will continue to play, a key role in achieving improvements in operating margins. The EBITDA, EBIT and NPAT margins achieved in the half-year to December 2009 also compare very favourably with our peers in the mining services sector".

The group ended the half-year with \$77.1m of net assets, up from \$41.8m* at June 2009 whilst operational cash balances remained at just under \$15m, similar to the level at June 2009*. Gross debt totalled \$22m, down from \$27m at June 2009 due to a stronger Australian dollar and the repayment of a \$2m property-related bank loan. The group's bank facilities have been renewed, with repayment of the USD 19m Westech acquisition loan now extended to February 2012 on an USD interest-only basis.

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* excluding \$10.2m of tranche 1 funding from the institutional aspect of the capital raising completed in July 2009

Austin Engineering Ltd Half-Year Financial Results to 31 December 2009

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Outlook

Mr Fitch said Austin's growing market position and financial strength would enable the group to take advantage of the stabilised and improved economic environment. "The past three to four months has seen a marked and favourable change in customer planning horizons as the impact of the global financial crisis on the mining and resources business sector recedes".

"As outlined by the company at its Annual General Meeting in November 2009, the level of enquiries and tendering activity for Australian operations has improved. Whilst business conditions in North America are likely to remain at lower than normal levels for the remainder of the current financial year, the group has been successful in securing approximately \$41m of new orders for a significant number of dump truck bodies and other mining equipment across its operations over the course of December 2009 to early February 2010".

"This will result in very solid workload levels for Australian operations until the end of the 09/10 financial year and also into the 10/11 financial year, with further orders expected to be secured in the near future. Buoyant economic conditions are also expected to prevail for the group's Chilean operations as miners in the region embark upon investment programs aimed at increasing output from existing and new mine sites. In addition, the group is in the process of commencing a USD 8.5m expansion of its facilities in Chile, for which USD 1.1m of Chilean government funding has been secured. This investment, when complete, will provide a platform for further business expansion in South America".

"Based on current trading conditions and the outlook for the mining services sector, Austin is confident of a stronger second half to the financial year and continues to expect improved financial performance with increased levels of revenue and profit leading to another record result for the year. The strength of the group's balance sheet and low gearing also enables it to accommodate and pursue further acquisition opportunities, a number of which are actively in the process of being considered".

Financial Highlights

	Half-Year to December 2009	Half-Year to December 2008	Change
Revenue	\$67.4m	\$94.6m	-29%
EBIT	\$11.0m	\$12.1m	-9%
PBT	\$10.9m	\$11.6m	-7%
NPAT	\$8.2m	\$8.1m	+1%
Basic earnings per share	12.19c	17.26c	-29%
Net assets	\$77.1m	\$35.5m	+117%
Interim dividend per share	2.0c	1.5c	+33%

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 Americas 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 as well as robotic applications to suit product lines, general fabrications and any repetitive production processes.