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

REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results

	Half-Year to 31 December 2012 $000		Half-Year to 31 December 2011 $000
Revenue	**156,982**	**up 25% from**	**125,337**
Net Profit After Tax for the Half Year	**17,209**	**up 47% from**	**11,680**

Brief Explanation of Movements in Revenue and Net Profit

The movements in revenue and net profit after tax for the half-year ended 31 December 2012 over the comparative period are due to a combination of factors including:

- More consistent workloads for a number of the larger business units
- The inclusion of additional contributions from new business acquisitions
- A full six months of finance costs associated with the draw-down of a bank loan to fund business acquisitions.

A review of the operations of the group and the results of these operations for the half-year is set out in the media statement released to the market on 21 February 2013, a copy of which is attached herewith on pages 13 to 15. Please also refer to the associated presentation that was released to the market on 21 February 2013.

Dividends and Dividend Reinvestment Plans

	Amount per Security	Franked Amount per Security
Final dividend paid on 12 October 2012 for the financial year ended 30 June 2012	10.5c	10.5c
Interim dividend payable for the financial year ended 30 June 2013 (up from 3.5c in the previous period)	4.5c	4.5c
Record date for determining entitlement to the interim dividend	4 March 2013	
Date for payment of interim dividend	22 March 2013	

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

Net Tangible Assets per Security

	Half-Year to 31 December 2012	Half-Year to 31 December 2011
Net tangible asset backing per ordinary security (cents)	67.5	46.5

Control Gained Over Entities Having a Material Effect

No significant business acquisitions or combinations were completed in the half-year ended 31 December 2012.

Associates or Joint Ventures

The company has a 50% interest in the Majan Aluminium Services Company, which is undertaking a number of projects related to the aluminium smelter industry in the Middle East.

Audit

This report is based on financial statements that have been reviewed. A copy of the reviewed financial statements is attached.

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

REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Austin Engineering Ltd and the entities it controlled during and at the end of the half-year ended 31 December 2012.

Directors
The Directors of the company who held office during and up to the date of this report are:

Paul Reading (Non-Executive Chairman)
Michael Buckland (Managing Director)
Eugene Fung (Non-Executive Director)
Peter Pursey (Non-Executive Director)

Financial Highlights

	Change	Half-Year 12/13	Half-Year 11/12
	%	$000	$000
Revenue	+25%	156,982	125,337
EBITDA (refer note 3)	+51%	30,054	19,884
Profit before tax	+48%	23,949	16,142
Net profit after tax	+47%	17,209	11,680
Net assets	+24%	135,609	109,284
Basic earnings per share (cents)	+47%	23.80cps	16.23cps
Interim dividend per share (cents)	+29%	4.5cps	3.5cps

Review of Operations
A review of the operations of the group during the half-year and the results of these operations is set out in the media statement released to the market on 21 February 2013, a copy of which is attached herewith on pages 13 to 15.

Lead Auditor's Independence Declaration
A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 3.

Rounding of Amounts
The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Directors

Michael Buckland
Managing Director
21 February 2013

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 18, 300 Queen St
Brisbane QLD 4000,
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY CRAIG JENKINS TO THE DIRECTORS OF AUSTIN ENGINEERING LTD

As lead auditor for the review of Austin Engineering Ltd for the half year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect Austin Engineering Ltd and the entities it controlled during the period.

Craig Jenkins

Director

BDO Audit Pty Ltd

Brisbane, 21 February 2013

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

		Consolidated Entity	
		Half-Year	
	Note	2012	2011
		$000	$000
Revenue	2	156,982	125,337
Raw materials and consumables used		(51,911)	(48,816)
Change in inventories and work-in-progress		1,683	8,630
Employment expenses		(53,963)	(49,510)
Subcontractor expenses		(5,063)	(2,206)
Occupancy and utility expenses		(3,342)	(3,414)
Depreciation expense		(4,342)	(2,453)
Amortisation expense - customer relationships and other intangibles		(427)	(320)
Other expenses		(14,236)	(9,947)
Finance costs		(1,432)	(1,159)
Profit before income tax		23,949	16,142
Income tax expense		(6,740)	(4,462)
Net profit for the half-year		**17,209**	**11,680**
Other comprehensive income:			
Foreign currency translation differences		534	(776)
Other comprehensive income for the half-year, net of tax		534	(776)
Total comprehensive income for the half-year		17,743	10,904
Profit for the half-year is attributable to:			
Owners of Austin Engineering Limited		17,209	11,680
Total comprehensive income for the half-year is attributable to:			
Owners of Austin Engineering Limited		17,743	10,904
Earnings per share attributable to owners of Austin Engineering Limited:			
Basic earnings per share (cents per share)	4	23.80	16.23
Diluted earnings per share (cents per share)	4	23.36	15.86

This Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	Consolidated Entity 31 December 2012 $000	30 June 2012 $000
Current Assets			
Cash and cash equivalents		18,571	15,748
Trade and other receivables	5	34,964	50,687
Inventories		32,536	30,842
Other receivables and other assets		5,953	4,344
Total Current Assets		**92,024**	**101,621**
Non-Current Assets			
Property, plant and equipment		97,505	92,852
Investments accounted for using the equity method		1,025	1,645
Intangible assets		86,768	85,268
Deferred tax assets		3,577	4,255
Total Non-Current Assets		**188,875**	**184,020**
Total Assets		**280,899**	**285,641**
Current Liabilities			
Trade and other payables	5	50,378	71,872
Financial liabilities		3,530	3,451
Current tax liabilities		4,105	3,733
Provisions		5,608	5,593
Total Current Liabilities		**63,621**	**84,649**
Non-Current Liabilities			
Financial liabilities		72,870	67,035
Deferred tax liabilities		8,799	8,672
Total Non-Current Liabilities		**81,669**	**75,707**
Total Liabilities		**145,290**	**160,356**
Net Assets		**135,609**	**125,285**
Equity			
Contributed equity	6	48,938	48,938
Retained earnings		87,798	78,182
Reserves		(1,127)	(1,835)
Total Equity		**135,609**	**125,285**

This Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Contributed Equity	Retained Earnings	Options Reserve	Foreign Currency Translation Reserve	Total
	$000	$000	$000	$000	$000
Consolidated Entity					
Opening balance at 1 July 2011	48,251	57,254	1,332	(3,095)	103,742
Total comprehensive income for the half-year:					
Profit for the half-year	-	11,680	-	-	11,680
Other comprehensive income:					
Currency translation differences	-	-	-	(776)	(776)
Total comprehensive income for the half-year	-	11,680	-	(776)	10,904
Transactions with owners in their capacity as owners:					
Issue of share capital	675	-	-	-	675
Share issue costs	(6)	-	-	-	(6)
Dividends paid	-	(6,121)	-	-	(6,121)
Share-based payment	-	-	90	-	90
	669	(6,121)	90	-	(5,362)
At 31 December 2011	**48,920**	**62,813**	**1,422**	**(3,871)**	**109,284**
Total comprehensive income for the half-year:					
Profit for the half-year	-	17,900	-	-	17,900
Other comprehensive income:					
Currency translation differences	-	-	-	473	473
Total comprehensive income for the half-year	-	17,900	-	473	18,373
Transactions with owners in their capacity as owners:					
Issue of share capital	-	-	-	-	-
Share issue costs	-	-	-	-	-
Deferred tax relating to equity items	18	-	-	-	18
Dividends paid	-	(2,531)	-	-	(2,531)
Share-based payment	-	-	141	-	141
	18	(2,531)	141	-	(2,372)
At 30 June 2012	**48,938**	**78,182**	**1,563**	**(3,398)**	**125,285**
Total comprehensive income for the half-year:					
Profit for the half-year	-	17,209	-	-	17,209
Other comprehensive income:					
Currency translation differences	-	-	-	534	534
Total comprehensive income for the half-year	-	17,209	-	534	17,743
Transactions with owners in their capacity as owners:					
Issue of share capital	-	-	-	-	-
Share issue costs	-	-	-	-	-
Dividends paid	-	(7,593)	-	-	(7,593)
Share-based payment	-	-	174	-	174
	-	(7,593)	174	-	(7,419)
At 31 December 2012	**48,938**	**87,798**	**1,737**	**(2,864)**	**135,609**

This Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Note	Consolidated Entity Half-Year 2012	2011
		$000	$000
Cash flows from operating activities			
Receipts from customers		175,407	128,008
Payments to suppliers and employees		(154,287)	(125,581)
Interest received		98	197
Dividends received		-	-
Finance costs		(1,540)	(875)
Income tax paid		(6,452)	(4,435)
Net cash used in/provided by operating activities		**13,226**	**(2,686)**
Cash flows from investing activities			
Payments for acquisitions of businesses/subsidiaries, net of cash acquired	7	(1,879)	(1,663)
Payments for property, plant and equipment		(8,233)	(11,581)
Distribution from joint venture entity		1,002	753
Settlement of contingent consideration of business combination		-	(813)
Net cash used in investing activities		**(9,110)**	**(13,304)**
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		-	667
Proceeds from borrowings		14,000	13,073
Repayment of borrowings		(8,210)	(5,326)
Dividend paid		(7,593)	(6,121)
Net cash provided by/(used in) financing activities		**(1,803)**	**2,293**
Net (decrease)/ increase in cash held		**2,313**	**(13,697)**
Cash and cash equivalents at the beginning of the period		15,748	37,416
Effects of exchange rate changes on cash and cash equivalents		510	(179)
Cash and cash equivalents at the end of the period		**18,571**	**23,540**

This Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1: Basis of preparation of half-year financial statements

These general purpose consolidated financial statements for the half-year reporting period ended 31 December 2012 have been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: *Interim Financial Reporting.*

These half-year financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2012 and any public announcements made by Austin Engineering Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Australian Securities Exchange and Corporations Act 2001.

The accounting policies and methods of computation applied in these half-year financial statements are the same as those applied by the company in the annual financial statements for the year ended 30 June 2012. The principal accounting policies have been consistently applied to the periods presented, unless otherwise stated.

Note 2: Revenue and other income

	Half-Year 2012	Half-Year 2011
Revenue	$000	$000
Sales revenue:		
Sale of goods	111,740	88,872
Services	44,630	36,235
Other revenue:		
Interest - bank deposits	96	190
Other	516	40
Total revenue	156,982	125,337

Note 3: Segment information

Management has determined that the strategic operating segments comprise of Australia (for mining equipment, other products and repair and maintenance services), Americas (for mining equipment and other products, comprising of North America and South America), Asia (currently Indonesia for mining equipment and other products) and the Middle East (for aluminium smelter equipment and products). These reporting segments also provide a more balanced view of cross-operational performance across business units, recognising and compensating for inter-regional differences in relation to technical methodologies, production facilities and processes, the cost of key inputs such as labour and steel, the existence of competition and differing customer requirements that may affect product pricing.

Executive management monitors segment performance based on EBITDA (earnings before interest, tax, depreciation and amortisation). Segment information for the half-years ended 31 December 2012 and 31 December 2011 is as follows:

	Australia		Americas		Middle East		Asia		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Total segment revenue - from external customers	107,855	89,334	42,307	30,372	1,285	976	5,535	4,655	156,982	125,337
EBITDA	19,713	13,689	8,329	4,751	433	343	1,579	1,101	30,054	19,884
Segment assets at 31 December 2012	124,019		138,985		1,025		16,870		280,899	
Segment assets at 30 June 2012	132,246		134,380		1,645		17,370		285,641	

Corporate expenses are included in the Australian reporting segment for decision-making purposes as this represents the area within which they are mostly incurred. Asset amounts are measured in the same way that they are measured in the financial statements. Segment assets are allocated based on the operations of the segment and the physical location of the assets.

The reconciliation of EBITDA to profit before income tax is as follows:

	Half-Year 2012	Half-Year 2011
	$000	$000
EBITDA	30,054	19,884
Depreciation	(4,342)	(2,453)
Amortisation	(427)	(320)
Interest revenue	96	190
Finance costs	(1,432)	(1,159)
Profit before income tax	23,949	16,142

Note 4: Earnings per share

	Half-Year 2012	Half-Year 2011
	$000	$000
Earnings used in basic and diluted earnings per share calculation	17,209	11,680
	No.(000)	No.(000)
Weighted average number of ordinary shares used in calculating basic earnings per share	72,315	71,983
Effect of dilutive securities - options	1,350	1,681
Weighted average number of ordinary shares used in calculating diluted earnings per share	73,665	73,664

Note 5: Significant movements
Receivables and trade and other payables were higher at 30 June 2012 due to intense productive activity in the months leading up to the end of the 2012 financial year, resulting in higher levels of customer invoicing and the purchase of goods and services and associated payables.

Note 6: Contributed equity - ordinary shares

	Half-Year 2012		Half-Year 2011	
	No.(000)	$000	No. (000)	$000
Balance at beginning of the period	72,315	48,938	71,865	48,251
Issue of shares on exercise of options	-	-	450	675
Cost of share issues	-	-	-	(6)
Balance at end of half-year	72,315	48,938	72,315	48,920

Note 7: Business combinations
On 6 July 2012 COR Cooling Pty Ltd, a 100% subsidiary company of Austin Engineering Ltd, acquired the business and assets of Beltrax Pty Ltd (trading as Bells Radiator Services), a specialised manufacturer and repairer of cooling products based in Toronto, Hunter Valley, Australia. The purchase price, which was paid in cash, was $1.64m. Details of provisional net assets acquired and provisional intangible assets are as follows:

	Total
	$000
Purchase consideration	1,642
Fair value of net tangible assets acquired	(42)
Provisional intangible assets	1,600

The provisional fair value of net identifiable tangible assets arising from the acquisitions is as follows:

Property, plant and equipment	85
Inventories and work-in-progress	23
Employee leave entitlements	(66)
Net identifiable assets acquired	42

Purchase consideration - cash outflow:	
Outflow of cash to acquire businesses, net of cash acquired:	
Total purchase consideration	1,642
Less: contingent consideration	-
Cash consideration/outflow of cash - investing activities	1,642

The purchase consideration may be adjusted in the year after acquisition if the business does not meet predefined profit targets.

A payment of $238,000 was made in August 2012 in relation to the purchase of the business divisions of Petroaceros S.A.C. Details of the business combinations arising in the year ended 30 June 2012 are disclosed in note 31 of the group's annual financial statements for the year ended 30 June 2012.

Note 8: Contingent liabilities and contingent assets
There are no contingent liabilities or assets that have a material impact on the financial statements at 31 December 2012.

Note 9: Dividends
The company paid a fully-franked final dividend of 10.5c per share on 12 October 2012 in relation to the financial year ended 30 June 2012 (2011: 8.5 cents per share)

Note 10: Events subsequent to reporting date
On 21 February 2013, the Directors declared an interim fully-franked dividend of 4.5 cents per share (2011: 3.5 cents per share) for the financial year 2012/13, payable on 22 March 2013. The aggregate amount of the dividend to be paid out of retained profits at 31 December 2012, but not recognised as a liability at the half-year, is (rounded) $3,254,000 (2011: $2,531,000).

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

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

In the Directors' opinion:

a) The financial statements and notes set out on pages 4 to 9 of this report are in accordance with the Corporations Act 2001, including:

   i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
   ii) giving a true and fair view of the financial position as at 31 December 2012 and of the performance for the half-year ended on that date for the consolidated entity; and

b) There are reasonable grounds to believe that Austin Engineering Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Michael Buckland
Managing Director
21 February 2013

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 18, 300 Queen St
Brisbane QLD 4000,
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Austin Engineering Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Austin Engineering Ltd, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Austin Engineering Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Austin Engineering Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Austin Engineering Ltd is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

BDO Audit Pty Ltd

BDO

Craig Jenkins

Director

Brisbane, 21 February 2013

austinengineering LTD
ABN 60 078 480 136

Ongoing Growth for Austin Engineering

Financial Highlights

	HY 12-13	HY 11-12	%
	$m	$m	Increase
Revenue	**156.98**	**125.38**	**+25%**
EBITDA	**30.05**	**19.88**	**+51%**
NPBT	**23.95**	**16.14**	**+48%**
NPAT	**17.21**	**11.68**	**+47%**
Net assets	**135.61**	**109.28**	**+24%**
Basic earnings per share	**23.80cps**	**16.23cps**	**+47%**
Interim dividend per share	**4.5cps**	**3.5cps**	**+29%**

Brisbane, 21 February 2013: Austin Engineering Limited (ASX trading code: **ANG**) has today announced half-year EBITDA of $30.1m, up 51% from the prior corresponding period and NPAT of $17.2m, up 47%. Earnings per share of 23.8cps also reflect the increases in underlying profitability and are up by 47%.

Review of Operations

Compared to the corresponding period in FY 11/12, business conditions and associated workload for the period to the end of December 2012 were generally more consistent for some of Austin's larger business units, which resulted in a better utilisation of productive capacity and increased revenues.

Revenue for the Australian business units increased by 21% over the previous year. The main workshop facilities in Perth, Western Australia experienced elevated demand in the period as major mining customers used custom-designed Westech dump truck bodies for their existing and new fleets of equipment. This resulted in high levels of activity for the business unit and an associated lift in revenues. The business units on the eastern seaboard of Australia, which mainly service coal mining operations, had a consistent but less intense level of activity in the six months to December 2012. This was due to mining customers adjusting production and equipment requirements in response to quieter market conditions. Revenue increased for the COR Cooling business following expansion into South Australia and the Hunter Valley region of New South Wales.

The Americas returned a 39% increase in revenue over the previous year. The Westech business unit in North America continued to expand its product range, market exposure and customer base and operated with solid activity levels in the period despite subdued market conditions in coal-related markets. The La Negra workshop in Antofagasta, Chile saw a significant increase in activity over the prior corresponding period as it progressed through the manufacturing program of dump truck bodies for Chilean and Peruvian mining customers. Important revenue contributions were made by the new business unit in Calama, which was acquired in early January 2012 to provide heavy lifting equipment and mining equipment repair services to large mining customers in the copper-producing regions of northern Chile. The new Austin Engineering Peru business, comprising of workshop manufacturing operations in Lima and onsite repair and maintenance services for two large mines in regional Peru, also provided new revenue streams from this developing mining market. The Colombian workshop facility in Barranquilla began manufacturing operations in the period to December 2012 and generated revenue from the manufacture of dump truck bodies for key and supportive mining customers in the region.

The group's Indonesian business unit on Batam Island was fully operational in the six months to December 2012 following its completion in October 2011 and revenue for the period was up 19% on the prior period. Market conditions across the region were notably muted in the quarter to December 2012 as, like coal markets in Australia, customer demand for equipment and services declined due to a challenging business environment. As with previous periods, the joint venture in Oman continued to provide a steady and alternative source of revenue from the supply of equipment and services to the aluminium smelter industries in the Middle East and saw revenue rise by 31% over the prior corresponding period.

Overall group EBITDA for the six months to December 2012 increased by 51% to $30.1m with the average margin rising from 15.9% to 19.1%. The Australian business units contributed $19.7m of total EBITDA, up 44% on the previous year, with increased revenue levels and improved efficiencies helping to lift productive performance whilst the Hunter Valley operation returned a near-breakeven result compared to a previous $0.8m loss.

(Cont'd)

Review of Operations (Cont'd)

The EBITDA contribution for the Americas was up 75% period-on-period to $8.3m, with the average margin increasing 4% to 19.7%. This was mainly due to a combination of better productivity for Westech, more consistent workloads for La Negra and strong margins for the Calama-based operation. The Peru business unit returned good margins and performed above expectations whilst the close-to-breakeven result for Colombia reflected the normal learning experience of new manufacturing operations.

The Indonesian operation's EBITDA contribution in the period was $1.6m, up 44% on the previous half-year at an average margin of 28.5% although this was tempered in the quarter leading up to December 2012 as workloads declined due to market conditions. The Oman joint venture continued to provide a good underlying EBITDA result, which at $0.4m was up 26% at a satisfactory margin of 33.6%.

NPBT of $24.0m and NPAT of $17.2m were up 48% and 47% respectively, with the main reason for the increase being the underlying improved operational performance and EBITDA result. The depreciation expense of $4.3m for the half-year to December 2012 was up on the prior period level of $2.5m due to additional depreciation charges from investments in the new Indonesian and Colombian production facilities. Additional interest costs were incurred on the draw-down of bank loans to finance the acquisition of the new Calama operation in January 2012.

CEO Michael Buckland commented on the half-year result saying "The group's performance for the first half of FY 12/13 was very satisfactory and within the earnings guidance range communicated to the market at the Company's AGM in November 2012. The result reflects the success of a number of business expansion initiatives undertaken over the past few years, despite the effect of some disturbance in commodities markets experienced towards the end of the 2012 calendar year".

"Business conditions in the first six months of the current financial year were resilient for the group's operations not exposed to coal markets. Further development of the group's activities into these markets was undertaken, including the increased sale of Westech bodies for replacement and new requirements to a wider customer base. Aggressive marketing of the group's full capabilities to customers across South America was also undertaken and performance by operations in these business sectors was very solid in the period."

"The softening in global coal markets in the period led to lower than expected activity levels for some of the group's business units. The result for the half-year only partly reflects the real potential of the group's capabilities and revenue and profit levels would have been higher had more normalised business conditions prevailed in coal markets" he said.

Net Assets

Net assets of $135.6m at the December 2012 half-year end were up 24% from the prior corresponding period and by 8% from $125.3m at 30 June 2012. The increase from the end of FY 11/12 reflects the $17.2m NPAT result for the half-year as well as the $7.6m final dividend payment for FY 11/12. Net tangible asset backing per share of 67.5c rose by 45% from 46.5c for the previous half-year period.

Cash Flow, Liquidity and Debt

Operating cash flows for the half-year to December 2012 were a net positive $13.2m. Cash flows, which would normally be correlated to NPAT adjusted for non-cash flow items such as depreciation and amortisation, included the effect of the utilisation of advance progress payments received before the end of FY 11/12 for work to be undertaken in FY 12/13.

Non-operational cash flows for the half-year included $8.2m expended on capital expenditure projects, the most notable of which were a second new workshop for Indonesia, a new plasma cutting machine for Brisbane and a new office in Peru. Other non-operating cash flows included $1.6m on the acquisition of the Bells Radiators business in the Hunter Valley by COR Cooling, a $1.0m distribution from the joint venture in Oman, $7.6m expended on the final dividend payment for FY 11/12 and a net $5.8m of new borrowings, mainly in relation to the recall of available cash previously offset against debt.

The net gearing ratio (net debt/net debt plus equity, including the value of issued bank guarantees) of 32.7% was down from 33.4% at June 2012. The company was in compliance with bank covenants throughout the year and continues to be so.

Dividends

A fully-franked interim dividend of 4.5c per share has been declared, up 29% from the previous year's interim dividend of 3.5c per share. The record date for determining entitlement to the interim dividend is 4 March 2013 with payment being made on 22 March 2013.

(Cont'd)

Austin Engineering Ltd Half Year 2012-13 Financial Results

Outlook

CEO Michael Buckland said that the second half of FY 12/13 will see a continuation of business conditions from the first half, with a number of operations having excellent forward workloads and others requiring further orders over the next two months to meet internal targets.

"While the company is continuing to see an improvement in enquiries and tendering activities, it is too early to categorically say the market is now in an upward trend. We expect conditions to remain stable and, in addition to the recent extension of a contract for the supply of dump truck bodies and other equipment for a major customer, are confident of a number of major tender wins which will increase company workloads, especially in FY 13/14".

"The diversity of our locations and markets is providing the company with solid foundations for further increases in profit, earnings per share and dividends in FY 12/13 and beyond. Despite the recent contractions in coal markets, the wider Austin business has continued to gain market presence and new customers. Further organic growth can be achieved from all of our operations domestically and overseas through the sale of our entire product range to an even wider customer base. The company is also continuing with its acquisition strategy and a number of these plans are expected to be realised over the next six months or so. These, together with the company's plans for expansions into new regions globally, will see sustained growth" he said.

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, South America, Indonesia and the Middle East. The Australian facilities manufacture, assemble, repair and maintain (on and off-site) 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, industrial radiator and cooling products as well as large structural steel projects. The USA facility (Westech) based in Casper, Wyoming, services the North American mining markets and is an industry-leading designer and manufacturer of specialised lightweight dump truck bodies. The Chile and Indonesian operations manufacture dump truck bodies and other mining products for the South American and Indonesian markets. 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. Robotic welding systems are also used for product lines, general fabrications and repetitive production processes. For more information visit www.austineng.com.au.