Report for the Half Year

ENDED 31 DECEMBER 2013

WESTECH JEC

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HY 13/14 Highlights

- A much quieter period than anticipated
- Constrained capital spend in the mining sector is delaying the purchase of new/replacement equipment and expenditure on maintenance of equipment
- No loss of available market share
- Gains in available market share in some regions
- Revenue of $106.4m for the half year; down 32% on the pcp
- Gross Margin of 35%; up from 31% in the pcp. Existing operations have maintained margins in difficult conditions and the increases have come from new business in South America
- This increased margin positions Austin very well to increase EBITDA in future periods when the market stabilises/grows
- EBITDA of $8.2m; consistent with guidance provided in December 2013
- Interim dividend declared of 4.5 cents fully franked, consistent with the pcp
- Continued strong focus on safety with an excellent record on mine sites throughout NSW,QLD and WA

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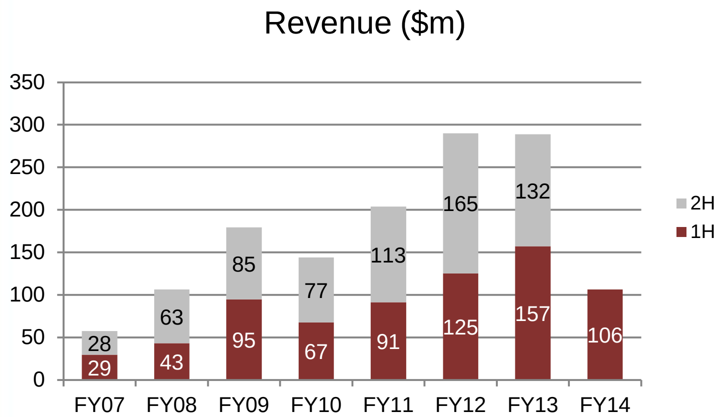
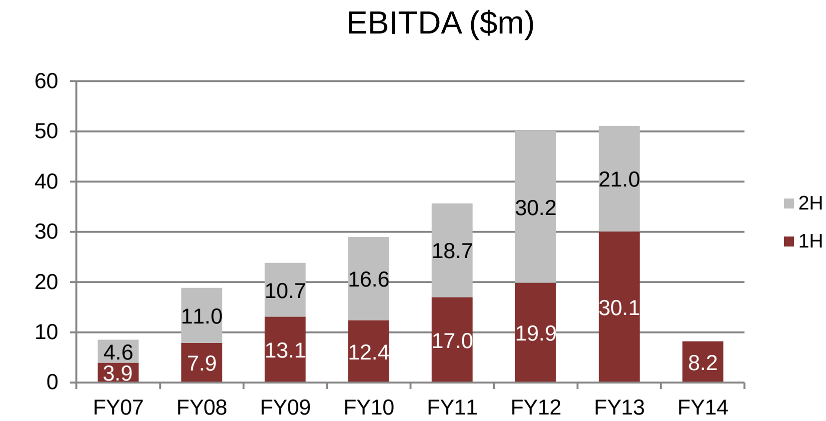
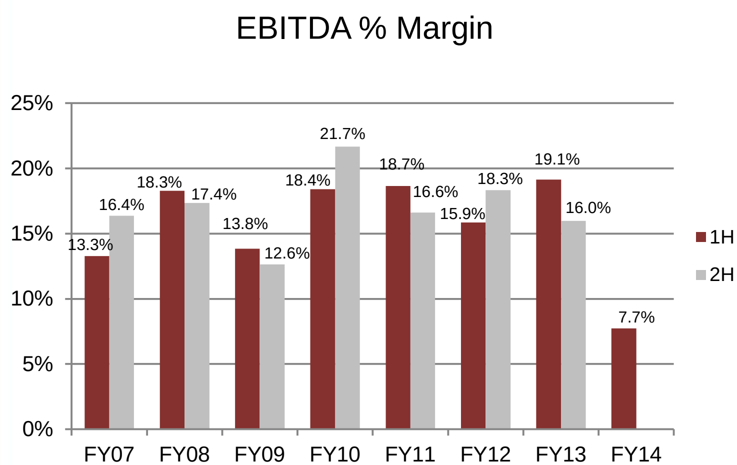
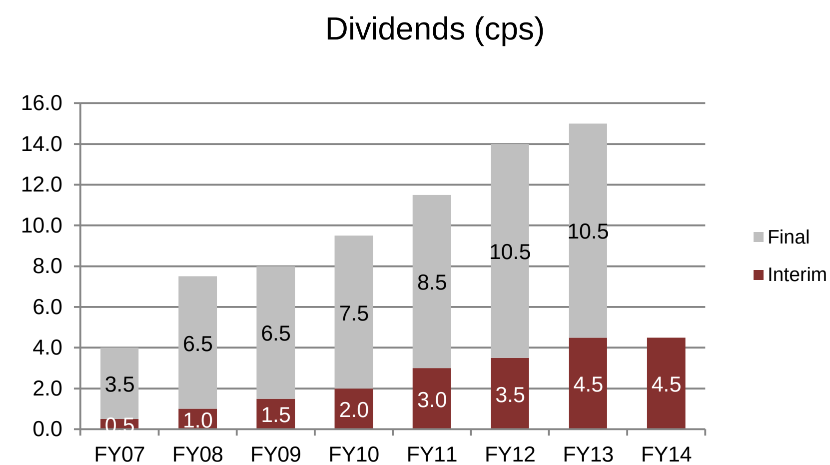
HY 13/14 Revenue, EBITDA, Dividend Developments









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HY 13/14 Financial Results - Summary

	1H 12/13 $m	1H 13/14 $m	Half on Half % Change
Revenue	157.0	106.4	-32%
EBITDA	30.1	8.2	-73%
NPBT	24.0	1.2	-95%
NPAT	17.2	0.9	-95%
EBITDA/Revenue	19.1%	7.7%	-60%
NPBT/Revenue	15.3%	1.1%	-93%
NPAT/Revenue	11.0%	0.8%	-93%
Basic Earnings Per Share (cents)	23.80	1.17	-95%
Interim Dividend Per Share (cents)	4.5	4.5	0%

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HY 13/14 Financial Results – Segment Revenue & EBITDA

	1H 12/13 $m	1H 13/14 $m	Half on Half % Change
Revenue:			
Australia	107.9	61.8	-43%
Americas	42.3	42.8	2%
Middle East	1.3	0.4	-69%
Asia (Indonesia)	5.5	1.4	-75%
	157.0	**106.4**	**-32%**
EBITDA:			
Australia	19.7	3.6	-82%
Americas	8.3	4.7	-45%
Middle East	0.4	0.0	-100%
Asia (Indonesia)	1.6	0.0	-100%
	30.1	**8.2**	**-73%**
EBITDA % Margin:			
Australia	18.3%	5.8%	-69%
Americas	19.6%	11.0%	-45%
Middle East	30.8%	0.0%	-100%
Asia (Indonesia)	29.1%	0.0%	-100%
	19.1%	**7.7%**	**-60%**

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HY 13/14 Financial Results – Segment Review

Group Result:

- Inconsistent business conditions with customers delaying maintenance, capital and replacement purchases
- Australia has been the worst affected but mines are still producing at record levels which is expected to lead to an increase in orders over time
- The reduced activity experienced and reported in 2H 2013 continued
- EBITDA result of $8.2m is 73% lower than 1H 2013 due to delays in spend from customers
- 2H 2014 will be a lot stronger due to:
  - a full six months of contribution of the Servigrut acquisition
  - the contribution from the Vale contract, and
  - numerous other orders won which will be delivered during 2H 2014
- EBITDA margins have been impacted by much lower activity throughout the workshops in Australia and extra costs in the Americas in gearing up for contracts won and to be delivered in 2H 2014
- Gross margins have averaged 35% for 1H 2014; against 31% for 1H 2013, due to:
  - the increased investment in the service and maintenance activity in South America
  - general improved efficiencies
- This increased margin positions us very well to increase EBITDA in future periods when the market stabilises/grows
- Net Debt to EBITDA ratio of 2.47 was higher than historical levels (but still within covenant levels), due to abnormally lower 12 month rolling EBITDA. The ratio will lower over 2H 2014 as EBITDA levels return to normal
- Interest cover of 6.9 and Net Gearing of 32.3% are well below covenant requirements

HY 13/14 Financial Results – Segment Review

Australia:

- Reduced level of activity across all four East Coast coal-related operations during the first half due to cost reduction initiatives by miners and contractors in the coal industry
- This reduced demand for the manufacture of new products and repair and maintenance services
- Reduced revenue contributions from the Perth operation due to the slow-down in customer capex approvals and the deferral of the truck body replacement cycle
- Continued expansion of the Pilbara Hire customer base resulted in an increase in revenue and new clients
- COR Cooling produced a result on budget

Asia (Indonesia):

- Revenue was considerably down due very low revenue contribution from mining products caused by the continued decline in the Indonesian mining market
- Oil and Gas revenue opportunities continue to arise
- The revenue contribution from Oil and Gas-related projects is typically lower than mining product revenue as it is largely related to labour only contracts, but gross margins are higher

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HY 13/14 Financial Results – Segment Review

Americas:

North America:

- Solid revenues for Westech for the first half and a good operating result which met expectations, despite a North American market that is showing no signs of growth
- Canadian Tar Sands continues to be a source of increased interest and orders for Westech
- Positives from the extreme cold weather in North America have depleted coal inventories and natural gas prices have soared, making coal much more attractive to the utility/power industry
- The development of the Mexican market will continue to be a major focus for Westech

South America:

- Award of the three year Vale contract to supply products from Colombia and Chile
- The La Negra operation in Chile produced a result below budget due mainly to reduced expenditure by clients
- The Calama operation in Chile produced a satisfactory result and acquired a number of new long term equipment and maintenance contracts which will increase revenue from March onwards
- The new Calama workshop facility will commence operation in March
- Servigrut, acquired in October 2013, produced a result above budget/expectations for the three months to December 2013
- Peru produced a result below budget with a number of expected maintenance contracts not eventuating as expected
- Successful completion of the company's first shovel dipper by the Peru operation – a significant market for this product exists throughout South America
- Colombia produced a result below budget with clients holding off purchases due to coal pricing
- Achieved gains in the available market share

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HY 13/14 Balance Sheet & Cash Flow

- Ongoing Balance Sheet strength with Net Assets increasing by 13% from June 2013 (27% on pcp) , with most of the increase being cash retained from equity raising in December 2013
- A reduction in working capital due to lower activity levels and a focus on efficiencies despite higher than normal steel inventories
- A large increase in PP&E predominantly due to the acquisition of Servigrut and further investment in Chilean, Peruvian and Indonesian facilities
- An increase in Debt as bank facilities were drawn down for:
  - the Servigrut acquisition
  - the funding of capital expenditure, and
  - operational cash flow as advance progress payments were utilised
- Net Gearing % well within covenant requirements
- Negative operating cash flow due to:
  - advance payment from customers in prior periods for work done in this period
  - short term deferral of some customer receipts, and
  - high steel stocks in South America, gearing up for orders which have since been won
- Positive financing cash flows arising from the December 2013 equity raising and new borrowings for expansion in South America

	Jun-13 $m	Dec-13 $m
Working Capital	26.7	22.0
Property, Plant & Equipment	106.6	137.3
Total Assets	278.2	352.0
Total Liabilities	124.8	179.3
Net Assets	153.4	172.7
Cash	6.3	39.9
Debt	67.3	117.3
Net Debt	61.0	77.4
Net Gearing %*	30.9%	32.3%

	1H 12/13 $m	1H 13/14 $m
Operating cash flow	13.2	-3.2
Investing cash flow	-9.1	-24.6
Financing cash flow	-1.8	61.9
Total cash flows	2.3	34.1

** net debt / net debt plus equity*

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Business Update - Australia

Queensland:

Brisbane:

- Quiet first half due to an ongoing reduction in the requirement for new and replacement mining products in the coal industry
- Focus on cost reductions and efficiency improvements during this period
- Operation enters the second half of the year with a number of significant orders in hand providing a more typical level of workload for the remainder of the financial year
- This confirmed workload will provide a good level of capacity utilisation throughout the period
- Ongoing improved level of enquiry and tendering activities

Mackay:

- Inconsistent workload throughout the first half for both on and offsite maintenance activity
- More consistent workload for the Austbore business, including new revenue streams from non-traditional customers
- General repair and maintenance industry very competitive due to lower overall levels of available work
- Ongoing bias towards earnings from repair and maintenance activities, although second half results to be bolstered by the manufacture of a number of new mining products

New South Wales - Hunter Valley:

- Recent capex to increase capacity and capabilities, along with overall operational improvements, are showing gains in operational performance
- Generally subdued coal industry is holding back the realisation of these gains
- Success in winning significant work from new customers and broadening customer base
- Second half results to be bolstered by the manufacture of a number of new dump truck bodies

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Business Update - Australia

Western Australia:

Perth:

- Business conditions for the first half were below the exceptionally high levels of the previous year
- Despite the lower revenue an above budget result was realised due to improved efficiencies and cost cutting initiatives
- Increase in repair projects as major mining companies extend the life of equipment
- Additional sales resources have resulted in an expansion of customer base in the region
- Encouraging increase in quoting activity leading into the second half
- Delayed truck body replacement cycle scheduled to re-start late in the second half

Pilbara Hire:

- Produced a solid result for the first half which was above internal budgets
- Increase in employee numbers with a shift to more “shutdown” projects
- Excellent safety performance is leading to new opportunities with both existing and new customers
- Increased level of activity along the Pilbara coast, with a focus on ship load-out & rail expansion projects
- Addition of new services will complement existing capabilities, such as scaffolding & line-boring services

COR Cooling (Qld – Mackay/Brisbane, WA – Perth/Kalgoorlie, SA – Adelaide, NSW – Hunter Valley):

- Produced a result on budget for the first half and a similar result is expected for the second half
- Workloads are stabilising
- New opportunities are being pursued to expand the product and service capabilities of all operations

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Business Update - Americas

North America – Westech:

- Unexpected softening of sales opportunities within the North American gold mining industry due to the lower than expected gold price, but there are signs that prices have stabilised
- With the new restrictions on coal fire power plants and government regulations in the USA, the coal mining industry continues to have difficulty in re-establishing its momentum
- We are seeing renewed activity with orders pending from the Powder River Basin for the second half of FY 13/14
- The softening in some commodities is being offset by the development and diversification of new products and new customers both domestically and overseas
- Interest continues to grow in the Stairway Access Way Water tank with orders for four units in the second half of FY 13/14 and more opportunities are pending
- The Mexican market development is proceeding at an accelerated pace since hiring a resident sales manager and the first order is expected shortly
- Revenue for second half FY 13/14 should meet internal budget expectations

South America:

Chile:

- La Negra operation is expected to produce a higher result in the second half with a number of significant tenders to be awarded over the next eight weeks
- Vale contract to produce workload for Chile and Colombia from March 2014 onwards
- The existing Calama equipment business and new Servigrut business will be merged by March 2014. This merged business is expected to produce an annual result above budget
- New Calama maintenance/repair business will contribute significantly from March 2014 onwards with the award of recently-announced contracts
- Calama to tender on a number of significant contracts over the coming months

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Business Update – Americas (cont'd), Indonesia & Middle East

South America (continued)

Colombia:

- Colombia awaiting a number of tenders which will increase workload and lead to much higher revenue and profit contributions

Peru:

- Peru is expecting a higher financial result in the second half of the current financial year

Indonesia – Batam Island:

- Result for first half is below internal budgets due to the slow down in the Indonesia coal mining sector and the deferral of a large truck body project expected in FY 13/14
- Recently introduced Indonesian mining laws and regulations have further impacted the mineral resource sector with a ban on the export of unprocessed mineral products
- In stark contrast to the mining sector, there has been an increase in quoting activity for Oil and Gas–related projects being built on Batam Island
- A number of small projects awarded in the first half for large EPCM's (Engineering, Procurement, Construction Management) and major contractors in the Oil and Gas sector
- Improved margins from Oil and Gas projects but lower revenues due to materials typically being free-issued by the customer
- Continue to quote on opportunities to supply mining products into Australia in response to increasing overseas competition – shipping costs and the lower $AUD are closing the gap on overseas imports

Middle East:

- The company has a 50% interest in the Majan Aluminium Services Company, which had previously undertaken a number of projects related to the aluminium smelter industry in the Middle East
- This joint venture is in the process of being closed

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Expansion Plans Update

Americas:

- Servigrut acquisition completed in January 2014
- Reviewing two facilities in Brazil to assemble product supplied from Colombia and Chile
- Facilities will also allow Austin to compete in the maintenance/repair market in Brazil
- The purchase of land in Peru is complete; planning/design of a facility has commenced

Africa:

- Plans for expansion into South Africa continuing

Australia:

- COR Cooling looking at new license agreements and acquisitions

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Business Update – Bradken Proposal

- Austin has received a non-binding and highly conditional proposal from Bradken Limited
- The proposal is for all of the shares in Austin which it does not own, with a fixed exchange ratio of 0.75 Bradken shares for every one Austin share
- The current proposal has been rejected by the Board of Austin because it undervalues Austin relative to Bradken
- Austin do see the merit of a merged entity but not at the proposed offer consideration
- Austin and Bradken have signed a Confidentiality Agreement to allow both parties to conduct limited due diligence
- The due diligence being performed is designed to assess the value and benefit of a merged entity to shareholders and Bradken with a view to a higher proposal
- Outcome of due diligence and any discussion is speculative

Outlook

Industry themes:

- Market conditions continue to be inconsistent with results varying from month to month
- Mining companies are still delaying expenditure on capital/replacement and maintenance programs

Austin's market position and response to market conditions:

- Demand for Austin products will increase in the future, compared to the current inconsistent levels, due to sustained higher levels of mining production
- Products manufactured by Austin address the needs of both the capital and consumable equipment markets
- Maintenance/repair of equipment will form a larger part of the group's revenue going forward

Results:

- Second half significantly higher than the first half based on current and expected orders
- Full contribution from Servigrut and new maintenance contracts in the second half of the year
- Vale contract to produce revenue from March 2014 onwards
- Company is now winning multi-year contracts which will sustain earnings for multiple years
- Full-year EBITDA guidance is now $37m-41m compared to previous guidance of $40m-50m due to:
  - delays in commencement of current orders on hand, and
  - delays in the award of a number of projects the company had previously forecast
- Guidance may be subject to variation depending on the commencement , award and size of these projects
- To maintain this guidance the company needs to win a number of current tenders by the end of March 2014

Austin's Principal Products

Off-highway dump truck bodies

Buckets

Water tanks

Service modules

Tyre handlers

Ancillary attachments

Industrial cooling and heat transfer systems (COR Cooling)

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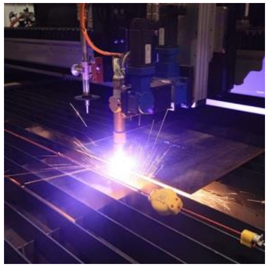
Austin's Principal Services

Equipment repair and maintenance



Specialised fabrication

Painting and blasting

Specialised machining and line boring

On-site maintenance and shutdown services (Pilbara Hire)

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Austin's Brands

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The Austin Engineering brand encompasses design and manufacture of mining and earthmoving equipment, along with the provision of support services, from four Australian operations (Brisbane, Hunter Valley, Mackay, Perth), an Indonesian operation and Peruvian operation.

austiningenieros

The Austin Ingenieros brand represents the company's operations in Chile and Colombia, providing design and manufacture of mining and earthmoving equipment, along with the provision of support services.

AUST BORE SERVICE WITH GRUNT

Austbore's core capabilities include general machining services, the overhaul of track frames and other mining equipment and mobile line-boring services. Austbore work closely with the Austin Engineering Mackay operation in supply of their services.

COR COOLING Creating Optimum Reliability

As the only national service provider and manufacturer of industrial cooling and heat transfer equipment, COR Cooling is a market leader working closely with some of the world's largest companies in the mining, marine, transport and associated industries.

JEC

Perth-based John's Engineering & Cranes Pty Ltd (JEC), was one of Australia's longest established manufacturers of Mining and Earthmoving attachments and off highway truck bodies. The JEC branded range of products are now designed and manufactured by Austin Engineering operations globally.

PH Pilbara Hire

Pilbara Hire Group provide full turnkey, on-site repair and maintenance services throughout Western Australian mine sites, with a particular focus on mobile mining and fixed plant equipment.

SERVIGRUT

Servigrut is a significant and successful supplier of heavy equipment lifting, transportation and site services to the mining and industrial markets in Chile.

WESTECH

Western Technology Services, or Westech, is one of the world's largest non-OEM designer and manufacturer of off highway dump truck bodies. Based in Wyoming USA, the Westech branded range of products are now designed and manufactured by the Austin Engineering Group globally.

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