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

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results		**Year to 30 June 2014 $m**	**Year to 30 June 2013 $m**
Revenue	**209.87**	***down 27% from***	**288.84**
Net profit after tax for the year	**0.90**	***down 97% from***	**28.44**
Net profit for the year attributable to members	**0.90**	***down 97% from***	**28.44**

Brief Explanation of Movements in Revenue and Net Profit

The movements in revenue and net profit after tax for the year ended 30 June 2014 over the previous year are due to a combination of factors including:

- Business conditions and associated workloads declined significantly, directly impacting earnings
- The October 2013 acquisition of Servigrut provided a positive contribution to the group

A review of the market conditions of the group and the results of these operations for the year is set out in the announcement released to the market on 28 August 2014, a copy of which is attached herewith on pages 10 and 11. Please also refer to the associated presentation that was released to the market on 28 August 2014.

Dividends and Dividend Reinvestment Plans	Amount per Security	Franked Amount per Security
Final dividend paid on 11 October 2013 for the financial year ended 30 June 2013	10.5	10.5
Interim dividend paid on 28 March 2014 for the financial year ended 30 June 2014 (in line with 4.5c in 2013)	4.5	4.5
A final dividend has not been declared for the financial year ended 30 June 2014	-	-
Total dividend for the financial year ended 30 June 2014 (down 70% from 15.0c in 2013)	4.5	4.5
There were no dividend reinvestment plans in operation during the period.		

Net Tangible Assets per Security	**Year to 30 June 2014**	**Year to 30 June 2013**
Net tangible asset backing per ordinary security (cents)	87.9	88.8

Control Gained Over Entities Having a Material Effect

On 7 October 2013 Austin Arrendamientos Chile Ltda, a 100% subsidiary company of Austin Engineering Ltd, acquired the property, plant and equipment and the associated finance obligations for these assets, of Servigrut in northern Chile, effective 1 October 2013. The total acquisition cost was USD $21.0m and was funded by existing bank loan facilities and the Capital Raising held in December 2013.

Associates or Joint Ventures

Austin Engineering Limited had a direct ownership interest of 50% (2013: 50%) in Majan Aluminium Services Company LLC, incorporated in Oman, which was formed for the purpose of manufacturing aluminium busbars for the Sohar Aluminium Company in Oman. During the 2014 financial year, the joint venture project work was completed and the joint venture partners agreed to terminate the joint venture. Austin Engineering Limited sold its entire shareholding in the joint venture for AUD $1.1m.

Audit

The financial data in this report is in the process of being audited, pending completion of the company's statutory financial report and the issue of the accompanying independent auditor's report. The audit process has not identified any material adjustments or misstatements that require the financial data included in this preliminary final report to be corrected.

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

PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Consolidated Entity 2014 $000	2013 $000
Revenue	2	209,870	288,838
Expenses			
Raw materials and consumables used		(53,017)	(87,609)
Change in inventories and work in progress		(1,289)	(6,522)
Employment expenses		(96,684)	(100,675)
Subcontractor expenses		(1,620)	(8,521)
Occupancy and utility expenses		(8,034)	(6,730)
Depreciation expense		(10,498)	(8,126)
Amortisation expense - customer relationships and other intangibles		(919)	(851)
Other expenses	3	(33,921)	(27,508)
Finance costs		(3,852)	(2,721)
Profit before income tax		36	39,575
Income tax credit/(expense)		860	(11,133)
Net profit for the full year attributable to members of the Company		896	28,442
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		(11,824)	6,708
Other comprehensive income for the year		(11,824)	6,708
Total comprehensive income for the year		(10,928)	35,150
Profit for the year is attributable to:			
Owners of Austin Engineering Limited		896	28,442
Total comprehensive income for the year is attributable to:			
Owners of Austin Engineering Limited		(10,928)	35,150
Earnings per share attributable to owners of Austin Engineering Limited:			
Basic earnings per share (cents per share)	5	1.14	39.18
Diluted earnings per share (cents per share)	5	1.14	38.61

The above Preliminary 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

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2014

	Notes	Consolidated Entity 2014 $000	2013 $000
Current Assets			
Cash and cash equivalents		7,385	6,337
Trade receivables		30,756	34,857
Inventories		29,501	30,789
Other receivables and other assets		6,703	5,555
Total Current Assets		74,345	77,538
Non-Current Assets			
Property, plant and equipment	6	131,772	106,561
Investments accounted for using the equity method		-	1,334
Intangible assets		91,599	88,468
Deferred tax assets		7,734	4,337
Total Non-Current Assets		231,105	200,700
Total Assets		305,450	278,238
Current Liabilities			
Trade and other payables	6	26,331	38,994
Financial liabilities	6	7,520	5,200
Current tax liabilities		74	3,333
Provisions		6,238	5,753
Total Current Liabilities		40,163	53,280
Non-Current Liabilities			
Financial liabilities	6	90,206	62,063
Deferred tax liabilities		9,440	9,447
Total Non-Current Liabilities		99,646	71,510
Total Liabilities		139,809	124,790
Net Assets		**165,641**	**153,448**
Equity			
Contributed equity	7	87,344	52,749
Reserves		(6,895)	4,929
Retained earnings		85,192	95,770
Total Equity		**165,641**	**153,448**

The above Preliminary 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

PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Contributed Equity $000	Options Reserve $000	Foreign Currency Translation Reserve $000	Retained Earnings $000	Total $000
Consolidated Entity					
Opening balance at 1 July 2012	48,938	1,563	(3,398)	78,182	125,285
Total comprehensive income for the year:					
Profit for the year	-	-	-	28,442	28,442
Other comprehensive income:					
Currency translation differences	-	-	6,708	-	6,708
Total comprehensive income for the year	-	-	6,708	28,442	35,150
Transactions with owners in their capacity as owners:					
Issue of share capital	3,825	-	-	-	3,825
Share issue costs	(14)	-	-	-	(14)
Dividends paid	-	-	-	(10,854)	(10,854)
Share-based payments	-	56	-	-	56
	3,811	56	-	(10,854)	(6,987)
At 30 June 2013	**52,749**	**1,619**	**3,310**	**95,770**	**153,448**
Total comprehensive income for the year:					
Profit for the year	-	-	-	896	896
Other comprehensive income:					
Currency translation differences	-	-	(11,824)	-	(11,824)
Total comprehensive income for the year	-	-	(11,824)	896	(10,928)
Transactions with owners in their capacity as owners:					
Issue of share capital	35,551	-	-	-	35,551
Share issue costs	(956)	-	-	-	(956)
Dividends paid	-	-	-	(11,474)	(11,474)
Share-based payments	-	-	-	-	-
	34,595	-		(11,474)	23,121
At 30 June 2014	**87,344**	**1,619**	**(8,514)**	**85,192**	**165,641**

The above Preliminary 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

PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Entity	
	2014	**2013**
	$000	**$000**
Cash flows from operating activities		
Receipts from customers	229,827	315,667
Payments to suppliers and employees	(224,815)	(280,595)
Interest received	143	155
Finance costs	(3,852)	(2,721)
Income tax paid	(7,824)	(10,868)
Net cash (used in)/ provided by operating activities	**(6,521)**	**21,638**
Cash flows from investing activities		
Payments for acquisitions of businesses/subsidiaries, net of cash acquired	(23,004)	(1,854)
Payments for property, plant and equipment	(18,637)	(17,153)
Distribution from joint venture	1,130	1,002
Net cash used in investing activities	**(40,511)**	**(18,005)**
Cash flows from financing activities		
Proceeds from issue of shares, net of transaction costs	34,188	3,813
Proceeds from borrowings	66,159	3,462
Repayment of borrowings	(40,444)	(9,945)
Dividends paid	(11,474)	(10,854)
Net cash provided by/ (used in) financing activities	**48,429**	**(13,524)**
Net increase/(decrease) in cash and cash equivalents	**1,397**	**(9,891)**
Cash and cash equivalents at the beginning of the year	6,337	15,748
Effects of exchange rate changes on cash and cash equivalents	(349)	480
Cash and cash equivalents at the end of the year	**7,385**	**6,337**

The above Preliminary Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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 preliminary report does not include all the notes of the type normally included in annual financial statements. Accordingly, this preliminary report should be read in conjunction with the annual financial statements for the year ended 30 June 2014 and any public announcements made by Austin Engineering Ltd during the year in accordance with the continuous disclosure requirements of the Australian Securities Exchange and the Corporations Act 2001.

Except for the changes explained below under *Changes in accounting policy*, 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 2013. The principal accounting policies have been consistently applied to the periods presented, unless otherwise stated.

Changes in accounting policy
Austin Engineering Limited had to change some of its accounting policies as the result of new or revised accounting standards which became effective for the annual reporting period commencing on 1 July 2013.
The affected policies and standards are:

- Principles of consolidation – new standard AASB 10 *Consolidated Financial Statements*, and
- Interests in Joint Ventures – new standard AASB 11 *Joint Arrangements*.

(i) Principles of consolidation
AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in Interpretation 112 *Consolidation – Special Purpose Entities*. Under the new principles, the group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

(ii) Interests in Joint Arrangements
Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. Austin Engineering Limited has assessed the nature of its joint arrangements and determined to have only joint ventures.

The accounting for the group's joint venture has not changed as a result of the adoption of AASB 11. The group continues to equity account for its interest in the joint venture. Under this method, the interest is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

Note 2: Revenue

	Consolidated Entity	
	2014	**2013**
	$000	**$000**
Revenue		
Sales revenue:		
Sale of goods	115,845	201,559
Services	92,948	86,536
	208,793	288,095
Other revenue:		
Interest - bank deposits	143	155
Other	934	588
	1,077	743
Total revenue	**209,870**	**288,838**

Note 3: Other expenses

During the 2014 financial year, Austin Engineering Limited sold its entire shareholding in Majan Aluminium Services Company LLC. The joint venture was a successful business and was sold when the job in Oman ended. An overall group loss of $0.29m on the sale of the joint venture has been included in other expenses due to immateriality.

The rest of the difference, in comparison to last year, was due to crane rental and other costs associated with new business in Chile.

Note 4: 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. Segment information for the years ended 30 June 2014 and 30 June 2013 is as follows:

	Australia		Americas		Middle East		Asia		Total	
	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000	2014 $000	2013 $000
Total segment revenue - from external customers	125,658	200,331	79,499	78,692	391	2,455	4,322	7,360	209,870	288,838
EBITDA	8,245	33,940	7,047	14,496	29	783	(159)	1,899	15,162	51,118
Segment assets at 30 June 2014	110,575		180,088		-		14,787		305,450	
Segment assets at 30 June 2013	112,404		145,820		1,334		18,680		278,238	

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:

	2014 $000	2013 $000
EBITDA	15,162	51,118
Depreciation	(10,498)	(8,126)
Amortisation	(919)	(851)
Interest revenue	143	155
Finance costs	(3,852)	(2,721)
Profit before income tax from continuing operations	36	39,575

Note 5: Earnings per share

	Consolidated Entity	
	2014 $000	2013 $000
Reconciliation of earnings to profit:		
Profit after tax	896	28,442
Earnings used to calculate basic and diluted earnings per share	896	28,442
Weighted average number of ordinary shares:	**No.**	**No.**
Used to calculate basic earnings per share	78,532,742	72,590,653
Effect of dilutive securities - share options	-	1,073,750
Used to calculate diluted earnings per share	78,532,742	73,664,403

Options granted to employees under the employee share option plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details of the options are set out in remuneration report in the directors' report.

Note 6: Significant movements

Business conditions and accompanying workloads for the period ended 30 June 2014 continue to be more subdued than previous years due to the reduction in spending on mining capital products by mine owners. This reduction in revenue is illustrated in Note 2 above and has also caused a corresponding decline in raw materials and consumables expenses by $34.6m which is in line with the decline in revenue.

Property, plant and equipment increased in the period. This was predominantly due to property, plant and equipment assets purchased in the Servigrut acquisition of $23.0m.

Trade and other payables reduced over the period in line with the reduction in work. The major factor influencing the increase in Financial Liabilities during the year was the acquisition of Servigrut which included a part payment for the business as well as taking on existing leases. Additionally, bank loans were also used to finance investment in properties and facilities in the period.

Note 6: Significant movements (cont'd)
Foreign currency translation differences recorded in 2014 were due to 30 June 2014 balance day adjustments on foreign equity balances.
A tax credit has been recorded for the year predominantly due to non-assessable foreign dividends received during 2014. There were also tax changes in Chile, which allow a deduction for goodwill in certain circumstances, taken up for the first time in 2014.

Note 7: Contributed equity - ordinary shares

	2014		2013	
	No. 000	**$000**	**No. 000**	**$000**
Ordinary shares (fully paid)				
Balance at beginning of year	73,165	52,749	72,315	48,938
Shares issued during the year:				
Share placement	9,375	30,000	-	-
Share purchase plan	1,734	5,551	-	-
Exercise of options	-	-	850	3,825
Cost of share issues	-	(1,360)	-	(14)
Deferred tax adjustment to cost of share issues	-	404	-	-
Balance at end of year	**84,274**	**87,344**	**73,165**	**52,749**

Ordinary shares entitle the holder to participate in dividends and the proceeds of winding up of the company in proportion to the number of and amounts paid on the shares held. Every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote per share. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Ordinary shares issued in the year to 30 June 2014 comprised of the following:
(a) 31 December 2013: 9,375,000 shares at $3.20 each ($30,000,000) in relation to a share placement
(b) 14 February 2014: 1,734,601 shares at $3.20 each ($5,550,723) in relation to a share purchase plan

Ordinary shares issued in the year to 30 June 2013 comprised of the following:
(a) 25 February 2013: 30,000 shares at $4.50 each ($135,000) in relation to the exercise of employee options
(b) 4 March 2013: 120,000 shares at $4.50 each ($540,000) in relation to the exercise of employee options
(c) 5 March 2013: 700,000 shares at $4.50 each ($3,150,000) in relation to the exercise of employee options

There is no current on-market share buy-market.

Note 8: Business combinations
2014
On 7 October 2013 Austin Arrendamientos Chile Ltda, a 100% subsidiary company of Austin Engineering Ltd, acquired the property, plant and equipment and the associated finance obligations for these assets, of Servigrut in northern Chile, effective 1 October 2013. No other assets or liabilities were included in the acquisition. Servigrut is based in Antofagasta close to Austin's existing operations. Servigrut is a significant and successful supplier of heavy lifting equipment, transportation and site services to the mining and industrial markets in Chile. Servigrut's services are complementary to those provided by Austin's similar business in Calama and the acquisition will enable Austin to become the major provider of such services throughout the region. The total acquisition cost was USD $21.0m and was funded by existing bank loan facilities and the Capital Raising held in December 2013. USD $10.5m was paid in October 2013, whilst the remaining USD $10.5m was paid in January 2014.

	Total $000
Details of net assets and intangibles acquired are as follows:	
Purchase consideration	23,004
Fair value of net tangible assets acquired	(15,275)
Intangible assets and goodwill	7,729
The fair value of net tangible assets from the acquisitions is as follows:	
Property, plant and equipment	23,049
Equipment related-finance lease commitments	(6,670)
Deferred tax liability	(1,104)
Net identifiable tangible assets acquired	15,275
The intangible assets and goodwill acquired, net of deferred tax, arising from the acquisition are as follows:	
Customer relationships and service agreements	2,571
Goodwill	5,158
Total intangible assets and goodwill acquired	7,729
Purchase consideration – cash outflow:	
Outflow of cash to acquire business, net of cash acquired	
Total purchase consideration	23,004
Less: contingent consideration	-
Cash consideration/outflow of cash – investing activities	23,004

It is not practicable to determine the profit and revenue for this acquisition as though the acquisition date was 1 July 2013, given only certain assets and liabilities of the business were acquired. Following a tax review, a deferred tax liability has been recognised.

Note 8: Business combinations (cont'd)
2013
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.

	Total $000
Details of net assets and intangibles acquired are as follows:	
Purchase consideration	1,616
Fair value of net tangible assets acquired	(16)
Intangible assets and goodwill	1,600
The fair value of net tangible assets from the acquisitions is as follows:	
Property, plant and equipment	85
Inventories and work-in-progress	23
Payables	(58)
Employee leave entitlements	(66)
Net identifiable tangible assets acquired	(16)
The intangible assets and goodwill acquired, net of deferred tax, arising from the acquisition are as follows:	
Goodwill	1,600
Total intangible assets and goodwill acquired	1,600
Purchase consideration – cash outflow:	
Outflow of cash to acquire business, net of cash acquired	
Total purchase consideration	1,616
Less: contingent consideration	-
Cash consideration/outflow of cash – investing activities	1,616

From the date of acquisition to 30 June 2013, the acquired business contributed $1,571,000 of revenue and $92,000 of net profit after tax to the group. If the acquisition had occurred on 1 July 2012, the revenue and net profit after tax of the group on a pro-forma, pro-rata basis would have been $1,597,000 and net profit after tax would have been $93,000. The relative contribution of this new business is expected to increase in the future as business expansion plans are implemented.

A payment of $238,000 was made in August 2012 in relation to the purchase of the business divisions of Petroaceros S.A.C.

Note 9: Contingent liabilities and contingent assets
Bank guarantees are issued to third parties arising out of dealings in the normal course of business.

Note 10: Dividends

	Consolidated Entity	
	2014 $000	**2013 $000**
Fully franked ordinary dividend of 10.5 cents per share franked at a tax rate of 30% for the financial year ended 30 June 2013, paid on 11 October 2013	7,682	-
Fully franked ordinary dividend of 10.5 cents per share franked at a tax rate of 30% for the financial year ended 30 June 2012, paid on 12 October 2012	-	7,593
Distributions paid - interim dividends:		
Fully franked ordinary dividend of 4.5 cents per share franked at a tax rate of 30% for the financial year ended 30 June 2014, paid on 28 March 2014	3,792	-
Fully franked ordinary dividend of 4.5 cents per share franked at a tax rate of 30% for the financial year ended 30 June 2013, paid on 22 March 2013	-	3,261
	11,474	**10,854**

Note 11: Events subsequent to reporting date
Final dividend
The Directors have not declared a fully-franked final dividend for the financial year ended 30 June 2014.

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austinengineering LTD

Austin Engineering Ltd – Full Year Results to June 2014

Financial Overview

	FY13 $m	FY14 $m	% Change
Revenue	**288.8**	**209.9**	**- 27%**
EBITDA	**51.1**	**15.2**	**- 70%**
NPBT	**39.6**	**0.0**	**- 100%**
NPAT	**28.4**	**0.9**	**- 97%**
Net assets	**153.4**	**165.6**	**+ 8%**
Basic earnings per share	**39.2cps**	**1.1cps**	**- 97%**
Final dividend per share	**10.5cps**	**0.0cps**	**- 100%**
Total annual dividend per share	**15.0cps**	**4.5cps**	**- 70%**

Brisbane, 28 August 2014: Austin Engineering Limited (ASX trading code: ANG) has today announced full-year EBITDA of $15.2m and NPAT of $0.9m consistent with guidance provided in May 2014. The result was impacted by subdued capital spending in the Mining industry.

Review of Operations

The inconsistent business conditions flagged in February 2014 continued through to June 2014 and as a result the amount of revenue was much lower than expected for Austin. The continued reduced capital spending in the mining sector has delayed expenditure on new and replacement equipment as well as on maintenance programs. The flow on effect for Austin was much lower utilisation of productive capacity.

Revenue for the Australian business units decreased by 37% over the previous year. The main workshop facilities in Perth, Western Australia experienced lower demand in the period due to a continuation of the deferral of truck body replacement cycles by major clients. This business was still a very good performer but not to the exceptional levels reached in FY13. The business units on the eastern seaboard of Australia, which mainly service coal mining operations, suffered reduced and inconsistent levels of activity due to cost reduction programs by miners and contractors. The COR Cooling business produced a result in line with expectations for the period which was pleasing and was a significant improvement on FY13.

The Americas produced a comparable revenue result to the previous year with the addition of Servigrut filling the gap left by reductions in other businesses in the region. The Westech business in North America produced a relatively comparable result to last year albeit in a market with weak growth prospects. The La Negra manufacturing operation in Chile produced a reduced result compared to the previous year due to suspensions in capital spending by customers as well as a delay in the commencement of the Vale contract. The Calama operations in Chile, comprising of on and off site repair and equipment lifting services, finished the year with a good result on the back of multi-year contract wins during the period. The Servigrut business, which was acquired in October 2013, performed well and in-line with expectations. Peru produced a reduced result compared to last year due to anticipated site service contracts not eventuating as well as the impact of delayed decision making brought about by the market downturn. The Colombian workshop facility in Barranquilla produced a result below budget with clients holding off purchases due to lower than expected coal pricing.

The group’s Indonesian business unit on Batam Island experienced very low revenue from mining. This was due to a depressed coal market and recently introduced mining regulations in Indonesia. Despite this success was achieved in securing oil and gas-related manufacturing work.

In accordance with the lower revenues, EBITDA was much lower than June 2013 with reduced sales opportunities, inconsistent activity and a corresponding reduction in overhead recoveries affecting the result.

NPBT of Nil and NPAT of $0.9m were both down on the prior corresponding period, reflecting the movements in the underlying EBITDA result. A tax credit was recorded for the year predominantly due to non-assessable foreign dividends received during the period. The depreciation expense of $10.5m for the period was up on the prior period level of $8.1m due to additional depreciation charges from investment in new facilities in Indonesia and South America. Additional interest costs were incurred on the draw-down of bank loans to finance the acquisition of the new Servigrut operation in October 2013 as well as to fund capital expenditure requirements and operational cash flow.

CEO Michael Buckland commented on the full-year result saying “The group’s performance for FY14 was lower than originally anticipated but was still within the earnings guidance range communicated to the market in May 2014. The result was predominantly influenced by capital spending reductions by large miners, despite production continuing at elevated levels.”

“Austin is very well positioned to capitalise on what we expect is an emerging recovery cycle. We anticipate that in the near future customers are likely to be seeking productivity gains from their capital allocations and equipment that has exceeded its life cycle. Austin’s range of customised products are designed specifically to customer specification to achieve productivity advantages.”

Austin Engineering – Full-Year Results to June 2014 (cont'd)

Review of Operations (Cont'd)
"This year has seen global spending habits for many of our customers at vastly reduced levels than in previous years. Pleasingly there are now indications that we are past the bottom of the cycle as we are seeing an increased volume of enquiries as well as higher dollar value enquiries coming through. Austin's products are all production related and the delays in spending we have experienced in the past year cannot continue if production levels are to continue at these levels" he said.

Net Assets
Net assets of $165.6m at June 2014 were up by 8% from $153.4m at June 2013. The increase reflects the proceeds from equity raisings undertaken, offset by dividends paid in October 2013 and March 2014, as well as foreign currency translation differences relating to balance day adjustments on foreign equity balances. At June 2014 the net tangible asset backing per share of 87.9c was in-line with 88.8c for the June 2013 full-year period.

Cash Flow, Liquidity and Debt
Operating cash flows for the full-year to June 2014 were negative $6.5m. This was due to the utilisation of advance payments from customers obtained in prior periods for work done in this period, reduced operating results and higher than optimal inventory levels at present.

Non-operational cash flows for the full-year included $18.6m spent on capital expenditure projects, the most notable of which were the purchase of a new workshop facility in Calama Chile and a 43,000m² block of land in Peru for future expansion. Other non-operating cash flows included $23.0m on the acquisition of the Servigrut business in Chile, $11.5m expended on dividend payments for FY14, $30.5m of new net borrowings primarily consisted of the funding of the acquisition of Servigrut and the new leases taken on as part of the Servigrut acquisition.

The net gearing ratio (net debt/net debt plus equity, including the value of issued bank guarantees) of 35.7% was up from 30.9% at June 2013 but was comfortably within bank covenant requirements.

Dividends
A fully-franked interim dividend of 4.5c per share was paid in March 2014. No final divided for FY14 has been declared due to the reduced NPAT level.

Outlook
CEO Michael Buckland said that cost cutting measures on mine sites have been implemented and our view is the next stage will be a re-focus by customers on productivity improvements. Mine sites continue to produce at record levels, but customers have cut back on costs to maintain and replace the equipment used to produce these elevated quantities. The ongoing deferment of replacing and repairing equipment and the strain on existing equipment cannot be sustained and we expect that the signs of increased inquiry and tendering in the market is likely to continue and improve.

"Austin is very well placed to meet the anticipated increase in replacement equipment through our strategic locations globally. Austin has varying product ranges tailored specifically to clients needs which are designed specifically to assist them to achieve the required productivity improvements they will demand from capital expenditure projects. Additionally Austin can now provide innovative ideas to assist customers such as pay per tonne arrangements, complete supply and maintenance contracts, as well as alternative finance packages. South America is starting to show improved workloads and the multi-year contracts announced during FY14 will provide a good base to build from and improve workshop efficiencies."

"FY15 will see a focus on debt reduction, by reducing steel stocks and improving cash-flow. There will also be a heavy emphasis on innovative design and productivity improvements for customers. From a financial result perspective, FY15 will include a full-year result from the Servigrut and the South American contract wins announced during FY14. We expect the first half of FY15 to continue the inconsistent conditions we have experienced in FY14 but then expect business conditions to stabilise for the second half of FY15."

"Market conditions over the next 6 months will provide key indicators for future growth and spending in the mining sector, however Austin has budgeted for an increased full-year result in FY15 based on the increased level of activity beginning to show in the market."

End

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

About Austin Engineering: Austin Engineering Limited is an engineering company with manufacturing facilities in Australia, the USA, South America, and Indonesia. 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 and Canadian mining markets and is an industry-leading designer and manufacturer of high-efficiency dump truck bodies. The operations located in Chile, Peru and Colombia manufacture, repair and maintain dump truck bodies and other mining products for their respective markets and, in Chile, also provide specialised heavy equipment lifting and transportation services for mining and industrial markets. The Indonesian production facility on Batam Island serves the equipment and service needs of mining and oil and gas-related customers in Indonesia and Asia. Austin also own rights to innovative and automated welding processes and these have been introduced into operations in order to improve production efficiencies. For more information visit www.austineng.com.au.