AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES
PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016
RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results	**Year to 30 June 2016 $m**		**Year to 30 June 2015 $m[1]**
Revenue from continuing operations	**188.17**	***up 0.5% from***	**187.24**
Net profit/(loss) after tax for the year from continuing operations attributable to members	**(30.02)**	***reduced 39.3% from***	**(49.45)**

[1] Re-presented to show only continuing operations

Brief Explanation of Movements in Revenue and Net Profit

Continuing operations
Revenue and net profit after tax for the year ended 30 June 2016 were adversely impacted by a combination of factors including:

- Lower utilisation of productive capacity due to reduced capital expenditure in the mining sector. The decrease in the sale of capital items was offset by an increase in services revenue.

- Impairment charges of $9.1 million.

- Onerous lease provisions of $6.3 million.

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 23 August 2016, a copy of which is attached herewith on pages 12 and 13. Please also refer to the associated presentation that was released to the market on 23 August 2016.

Dividends and Dividend Reinvestment Plans

There were no interim and final dividends paid during the year ended 30 June 2016.

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

Net Tangible Assets per Security

	Year to 30 June 2016	**Year to 30 June 2015**
Net tangible asset backing per ordinary security (cents)	19.0	71.3

Control Gained or Lost Over Entities Having a Material Effect

There were no acquisitions undertaken during the year ended 30 June 2016.

During the financial year the group disposed of its subsidiary COR Cooling Pty Ltd. The disposal was completed on 20 May 2016, on which date control of the COR Cooling operations passed to the acquirer. Details of the transaction are disclosed in note 4 to the financial statements.

Associates or Joint Ventures

There are no associates or joint ventures.

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 2016

	Notes	Consolidated Entity 2016 $000	Consolidated Entity 2015 $000[1]
Revenue from continuing operations	2,7	188,169	187,239
Expenses			
Raw materials and consumables used		(39,938)	(47,775)
Change in inventories and work in progress		(6,973)	1,022
Employment expenses		(87,593)	(89,831)
Subcontractor expenses		(10,451)	(3,045)
Occupancy and utility expenses		(13,054)	(5,632)
Depreciation expense		(10,277)	(10,371)
Amortisation expense		(863)	(860)
Other expenses	3	(41,663)	(33,819)
Finance costs		(6,156)	(6,071)
Impairment expense	7	(9,060)	(40,880)
Loss before income tax		(37,859)	(50,023)
Income tax benefit		7,837	578
Loss for the year from continuing operations		(30,022)	(49,445)
(Loss)/profit from discontinued operation	4	(10,433)	113
Loss for the year		(40,455)	(49,332)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		(1,991)	2,891
Other comprehensive income for the year		(1,991)	2,891
Total comprehensive income for the year		(42,446)	(46,441)
Loss for the year is attributable to:			
Owners of Austin Engineering Limited		(40,455)	(49,332)
Total comprehensive income for the year is attributable to:			
Owners of Austin Engineering Limited		(42,446)	(46,441)
Earnings per share from continuing operations attributable to the owners of Austin Engineering Limited:			
Basic earnings/(loss) per share (cents per share)	6	(20.07)	(58.67)
Diluted earnings/(loss) per share (cents per share)	6	(20.07)	(58.67)
Earnings per share from continuing and discontinued operations attributable to owners of Austin Engineering Limited:			
Basic earnings/(loss) per share (cents per share)	6	(27.04)	(58.54)
Diluted earnings/(loss) per share (cents per share)	6	(27.04)	(58.54)

[1] Certain balances do not correspond to the 30 June 2015 financial statements as amounts have been re-presented to separately show operations classified as discontinued. Refer to note 4.

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 2016

	Notes	Consolidated Entity 2016 $000	2015 $000
Current Assets			
Cash and cash equivalents	7	12,832	3,319
Trade receivables	7	29,371	34,851
Inventories	7	15,814	24,997
Current tax assets		1,809	927
Assets classified as held for sale	7	8,740	-
Other receivables and other assets		11,985	7,582
Total Current Assets		80,551	71,676
Non-Current Assets			
Property, plant and equipment	7	113,308	125,233
Intangible assets	7	37,268	59,288
Deferred tax assets		17,632	9,497
Other assets		-	6,639
Total Non-Current Assets		168,208	200,657
Total Assets		248,759	272,333
Current Liabilities			
Trade and other payables	7	36,509	37,704
Financial liabilities	7,11	19,657	50,325
Current tax liabilities		15	722
Provisions		8,247	6,554
Total Current Liabilities		64,428	95,305
Non-Current Liabilities			
Financial liabilities	7,11	32,593	47,017
Provisions		4,205	-
Deferred tax liabilities		10,512	10,588
Total Non-Current Liabilities		47,310	57,605
Total Liabilities		111,738	152,910
Net Assets		**137,021**	**119,423**
Equity			
Contributed equity	8	145,829	87,344
Reserves		(4,213)	(3,781)
Retained earnings		(4,595)	35,860
Total Equity		**137,021**	**119,423**

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 2016

	Contributed Equity $000	Options /Performance Rights Reserve $000	Foreign Currency Translation Reserve $000	Retained Earnings $000	Total $000
Consolidated Entity					
Opening balance at 1 July 2014	87,344	1,619	(8,514)	85,192	165,641
Total comprehensive income for the year:					
Loss for the year	-	-	-	(49,332)	(49,332)
Other comprehensive income, net of tax:					
Currency translation differences	-	-	2,891	-	2,891
Total comprehensive income for the year	-	-	2,891	(49,332)	(46,441)
Transactions with owners in their capacity as owners:					
Share-based payments	-	223	-	-	223
	-	223	-	-	223
At 30 June 2015	**87,344**	**1,842**	**(5,623)**	**35,860**	**119,423**
Total comprehensive income for the year:					
Loss for the year	-	-	-	(40,455)	(40,455)
Other comprehensive income, net of tax:					
Currency translation differences	-	-	(1,991)	-	(1,991)
Total comprehensive income for the year	-	-	(1,991)	(40,455)	(42,446)
Transactions with owners in their capacity as owners:					
Issue of share capital	61,346	-	-	-	61,346
Share issue costs	(2,861)	-	-	-	(2,861)
Share-based payments	-	1,559	-	-	1,559
	58,485	1,559	-	-	60,044
At 30 June 2016	**145,829**	**3,401**	**(7,614)**	**(4,595)**	**137,021**

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 2016

	Consolidated Entity	
	2016	**2015**
	$000	**$000**
Cash flows from operating activities		
Receipts from customers	230,671	244,810
Payments to suppliers and employees	(227,040)	(235,506)
Interest received	27	1,315
Finance costs	(5,747)	(6,071)
Income tax refund	1,234	-
Income tax paid	(1,095)	(973)
Net cash (used in)/provided by operating activities	**(1,950)**	**3,575**
Cash flows from investing activities		
Payments for property, plant and equipment	(12,763)	(3,355)
Proceeds from sale of property, plant and equipment	914	-
Release of funds from Escrow in relation to Calama land	-	4,251
Proceeds from sale of COR Cooling Pty Ltd	13,400	**-**
Net cash provided by investing activities	**1,551**	**896**
Cash flows from financing activities		
Proceeds from issue of shares, net of transaction costs	57,259	-
Proceeds from borrowings	34,202	2,000
Repayment of borrowings	(81,400)	(11,122)
Net cash provided by/(used in) financing activities	**10,061**	**(9,122)**
Net increase/(decrease) in cash and cash equivalents	**9,662**	**(4,651)**
Cash and cash equivalents at the beginning of the year	3,319	7,385
Effects of exchange rate changes on cash and cash equivalents	(149)	585
Cash and cash equivalents at the end of the year	**12,832**	**3,319**

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 2015 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.

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 2015. The principal accounting policies have been consistently applied to the periods presented, unless otherwise stated.

Financial Highlights

		Consolidated Entity	
	Change	**2016**	**2015**
Continuing and discontinued operations	**%**	**$000**	**$000**
Statutory EBITDA	8%	(30,052)	(32,789)
Normalised EBITDA	(39%)	9,167	15,024
Profit/(loss) before tax	3%	(47,989)	(49,646)
Net profit/(loss) after tax	18%	(40,455)	(49,332)
Basic earnings/(loss) per share (cents)	54%	(27.04)cps	(58.54)cps
Continuing operations			
Revenue	0%	188,169	187,239
Statutory EBITDA (refer note 5)	40%	(20,589)	(34,032)
Normalised EBITDA	(48%)	7,126	13,766
Profit/(loss) before tax	24%	(37,859)	(50,023)
Net profit/(loss) after tax	39%	(30,022)	(49,445)
Net assets	15%	137,021	119,423
Basic earnings/(loss) per share (cents)	(66%)	(20.07)cps	(58.67)cps
Total annual dividend per share (cents)	-	-	-

Note 2: Revenue from continuing operations

	Consolidated Entity	
	2016	**2015**
	$000	**$000**
Sales revenue:		
Sale of goods	98,285	90,220
Services	88,917	95,114
	187,202	185,334
Other revenue:		
Interest - bank deposits	27	1,311
Other	940	594
	967	1,905
Total revenue from continuing operations	**188,169**	**187,239**

Note 3: Expenses
The other expenses category has increased significantly on the prior corresponding period. The major movements influencing this increase relate to expenses totalling $5.3m for bank charges, consultancy fees and legal fees connected to refinancing the group from its current facilities and expenses incurred of $1.3m for restructuring costs taken up in relation to the Brisbane workshop closure.

Included in occupancy and utility expenses is $6.3m in relation to an onerous lease for the Brisbane workshop. The company currently has a lease over the Brisbane location until February 2021.

Note 4: Discontinued operation

Description

On 18 May 2016, the company entered into a sale agreement to dispose of COR Cooling Pty Limited. COR Cooling Pty Limited provides and manufactures a range of industrial cooling and heating transfer equipment in Australia. The proceeds of sale exceeded the carrying amount of the related net assets. The disposal of COR Cooling Pty Limited is consistent with the group's initiatives to reduce and refinance senior debt exposures by exiting one of the group's secondary divisions. The disposal was completed on 20 May 2016, on which date control of the COR Cooling operations passed to the acquirer.

Financial performance and cash flow information

	Consolidated Entity 2016 $000	Consolidated Entity 2015 $000
Revenue	21,595	23,187
Expenses	(20,336)	(22,810)
Profit before income tax	1,259	377
Income tax expense	(303)	(264)
Profit after income tax of discontinued operation	956	113
Loss on sale of the subsidiary after income tax (see below)	(11,389)	-
(Loss)/profit from discontinued operation	(10,433)	113
Net cash (outflow) from operating activities	(651)	(59)
Net cash inflow/(outflow) from investing activities (2016 includes an inflow of $13.4 million from the sale of the subsidiary)	13,478	(494)
Net cash inflow/(outflow) from financing activities	-	-
Net increase/(decrease) in cash generated by the subsidiary	12,827	(553)

Details of the sale of the subsidiary

	Consolidated Entity 2015 $000
Consideration received or receivable:	
Cash	13,400
Carrying amount of net assets sold	24,789
Loss on sale before income tax	(11,389)
Income tax expense on gain	-
Loss on sale after income tax	(11,389)
The carrying amount of assets and liabilities as at the date of sale (20 May 2016) were:	
Property, plant and equipment	2,991
Trade receivables	3,613
Inventories	3,593
Intangible assets	17,957
Other assets	996
Total assets	29,150
Trade and other payables	3,563
Employee benefit obligations	798
Total liabilities	4,361
Net assets	24,789

Note 5: 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) and Asia (currently Indonesia for mining equipment and other 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.

Note 5: Segment information (cont'd)

Executive management monitors segment performance based on EBITDA. Segment information for the years ended 30 June 2016 and 30 June 2015 is as follows:

	Australia		Americas		Asia		Total	
	2016 $000	**2015 $000**	**2016 $000**	**2015 $000**	**2016 $000**	**2015 $000**	**2016 $000**	**2015 $000**
Total segment revenue from continuing operations - from external customers	92,237	83,635	89,678	87,478	6,254	16,126	188,169	187,239
EBITDA from continuing operations	(11,252)	(2,317)	(557)	3,353	279	5,812	(11,530)	6,848
Segment assets at 30 June 2016	81,735		155,664		11,360		248,759	
Segment assets at 30 June 2015	102,179		153,652		16,502		272,333	

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 (loss)/profit before income tax is as follows:

	2016 $000	**2015 $000**
EBITDA used for segment reporting*	(11,530)	6,848
Impairment expense	(9,060)	(40,880)
Reported EBITDA	(20,590)	(34,032)
Depreciation	(10,277)	(10,371)
Amortisation	(863)	(860)
Interest revenue	27	1,311
Finance costs	(6,156)	(6,071)
Profit/(loss) before income tax from continuing operations	(37,859)	(50,023)

*The 30 June 2016 EBITDA includes restructuring and Westech legal fees totalling $18.656m (2015: includes restructuring costs and Westech legal fees totalling $6.918m).

Note 6: Earnings per share

	Consolidated Entity	
	2016 Cents per share	**2015** Cents per share
Basic earnings per share		
From continuing operations	(20.07)	(58.67)
From discontinued operation	(6.97)	0.13
Total basic earnings per share	(27.04)	(58.54)
Diluted earnings per share		
From continuing operations	(20.07)	(58.67)
From discontinued operation	(6.97)	0.13
Total diluted earnings per share	(27.04)	(58.54)
	$000	**$000**
Reconciliation of earnings to profit/(loss):		
Profit/(loss) after tax:		
From continuing operations	(30,022)	(49,445)
From discontinued operation	(10,433)	113
Earnings used to calculate basic and diluted earnings per share	(40,455)	(49,332)
Weighted average number of ordinary shares:	**No.**	**No.**
Used to calculate basic earnings per share	149,613,457	84,274,004
Effect of dilutive securities - share options	-	-
Used to calculate diluted earnings per share	149,613,457	84,274,004

Options granted to employees under the employee share option plan, rights granted to senior executives under the performance rights plan, performance shares granted to the former Managing Director and options issued as part consideration for the subordinated loan are considered to be potential ordinary shares. Whilst that is the case, because of the net loss after tax, these have not been included in the determination of diluted earnings per share as they are considered to be anti-dilutive.

Note 7: Significant movements

Business conditions and the associated workload for the period ended 30 June 2016 continue to be subdued due to the reduction in spending on mining capital products by mine owners, resulting in continued lower revenues.

Assets and liabilities of the business have been impacted as a result of the disposal of COR Cooling Pty Ltd (refer note 4).

Cash and cash equivalents at 30 June 2016 increased by $9.5m, of this amount, $8.6m relates to amounts held directly by our banking syndicate as cash cover for bank guarantees (refer note 11).

Current assets held for sale relate to two properties in the Americas which are contracted for sale.

Property, plant and equipment and intangible assets decreased in the period. This was predominantly due to the disposal of COR Cooling Pty Ltd and depreciation, amortisation and impairment charges in excess of additions for the year.

In accordance with the company's debt reduction strategy agreed to with its senior lenders (refer note 11), the company repaid $76.2 million of the senior debt during the financial year to 30 June 2016. The company utilised the proceeds from capital raisings undertaken during the 2016 financial year (refer note 8) to fund the debt repayment. The group also entered into a $20.0 million subordinated loan with LIM Asia Special Situations Master Fund Limited, which was fully drawn down during the 2016 financial year (refer note 11).

The continued adverse business conditions have resulted in an impairment expense of $9.060 million (2015: $40.880 million). During the year impairment of $3.519 million has bas been allocated against goodwill (2015: $32.913 million), no impairments were made to identifiable intangible assets (2015: $1.906 million), no impairments were made to work in progress (2015: $4.892 million), $5.541 million ($0.153 million) to property, plant and equipment and no impairments were made to trade and other receivables (2015: $1.016 million). The impairment expense was allocated to the following cash generating units (CGUs):

	Consolidated Entity	
	2016	**2015**
	$000	**$000**
Austin Ingenieros	2,650	25,767
Austin Engineering USA Inc	3,520	-
PT Austin Engineering Indonesia	2,890	-
Austin Engineering Peru	-	10,298
Austin Engineering Hunter Valley	-	3,298
Austin Mackay	-	1,517
	9,060	40,880

The impairment was the result of the company reassessing the recoverable values of its cash generating units in light of subdued business conditions and associated workloads.

Key assumptions used for value in use calculations

The recoverable amount of the cash generating units is based on value-in-use calculations. These calculations use cash flow projections covering a five year period that are based on financial forecasts of how the business is expected to operate based on current performance consistent with previous experience and external data, excluding any benefit expected to arise from future restructuring or from improved asset performance. Cash flows beyond the five-year period are extrapolated using perpetual growth rates.

The calculation of value-in-use for the cash generating units is most sensitive to the following assumptions:

(a) EBITDA margins
(b) Discount rates
(c) Growth rates used to extrapolate cash flows beyond the forecast period.

In performing value-in-use calculations, the company has applied a pre-tax discount rate to discount the forecast future cash flows. Discount rates represent the current market assessment of the risks specific to each cash generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the group's investors. The cost of debt is based on the interest bearing borrowings the group is obliged to service. A risk premium is included in each CGU's discount rate, reflecting the level of forecasting, size, country and financing risks for that CGU.

The pre-tax discount rates used for the Chilean based cash generating units, including Austin Ingenieros Chile and Austin Arrendamientos Chile (Servigrut) is 16.45% (2015: 14.97%). The pre-tax discount rates used for the Colombian based cash generating unit, including Austin Colombia is 20.13% (2015: 20.15%). The pre-tax discount rates used for the Indonesian based cash generating unit, including PT Austin Engineering Indonesia is 19.81% (2015: 22.34%). The pre-tax discount rates used for the USA based cash generating unit, including Austin Engineering USA Inc is 16.67% (2015: 15.85%). The pre-tax discount rates used for the Australian based cash generating units, including Austbore and Pilbara Hire Group is 15.71% (2015: 13.44%).

The perpetual growth rates used for the cash generating units are 3% (2015: 3%) based on the long-term growth rates experienced in the Group's end-markets and external forecasts

Impact of reasonably possible changes in key assumptions

The impairments recorded during the year were on consideration of future discounted cash flows at 31 December 2015. At 30 June 2016, all cash generating units had a positive difference between their recoverable amounts and carrying value.

Note 8: Contributed equity - ordinary shares

	2016		2015	
	No.	**$000**	**No.**	**$000**
Ordinary shares (fully paid)				
Balance at beginning of year	84,274,004	87,344	84,274,004	87,344
Shares issued during the year:				
Non-renounceable entitlement offer	70,228,337	31,603	-	-
Share placement	20,908,911	1,673	-	-
Renounceable entitlement offer	350,822,504	28,070	-	-
Cost of share issues	-	(2,861)	-	-
Balance at end of year	**526,233,756**	**145,829**	**84,274,004**	**87,344**

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.

On 29 July 2015 and 14 August 2015 the company issued 42,396,059 and 27,832,278 ordinary shares respectively, pursuant to the institutional and retail components of an accelerated non-renounceable entitlement offer. The shares were issued at $0.45 per share.

On 1 June 2016 the company issued 20,908,911 fully paid ordinary shares at an issue price of $0.08 per share to institutional and sophisticated investors in terms of a share placement.

On 30 June 2016 the company issued 350,822,504 ordinary shares pursuant to a renounceable entitlement offer. The shares were issued at $0.08 per share.

All shares issued in the year to 30 June 2016 ranked equally with all existing fully paid ordinary shares from the date of issue of the respective shares and the proceeds were used to reduce the group's debt.

There were no ordinary shares issued in the year to 30 June 2015.

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

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

Note 10: Dividends

Recognised amounts:
There were no interim and final dividends paid during the year ended 30 June 2016 and 30 June 2015.

Unrecognised amounts:
Since the end of financial year the directors have not declared a final dividend for the financial year ended 30 June 2016 (2015: Nil cents per share).

Franked dividends:
The directors have not declared a final fully-franked dividend for the financial year ended 30 June 2016, therefore there will be no effect on franking credits.

Note 11: Financing facilities
Bank facilities
At reporting date, the group had access to syndicated bank facilities of $25.5 million (2015: $115.0 million). Except for the LC facility of $16.2 million which expires in December 2016, all other facilities expire in March 2017. All facilities attract variable interest rates.

The syndicated bank facilities are summarised as follows:

Facility A1 - Australian Dollar revolving cash advance facility of up to $6.0m
In 2013, this facility was used to refinance existing senior debt facilities of the group (including leasing facilities) and refinance of current South American facilities and for normal corporate purposes.

Facility C1 - Amortising non-revolving letter of credit (LC) facility of $16.7m
This is an LC facility that is amortising and non-revolving. There are US$ LC's within this facility and therefore fluctuates with foreign currency movements.

Facility C2 – Non-amortising revolving overdraft facility of up to $2.8m
This facility is used to assist with the group's day to day working capital requirements.

The syndicated bank facilities are secured by a combination of securities including a fixed and floating charge over the assets and undertakings of each of the entities, mortgages on specific property, and rights over assets subject to lease and hire purchase.

The group must maintain covenants relating to the debt drawn down under the syndicated facilities and these covenants include a minimum EBITDA, interest cover, gearing and debt servicing.

Note 11: Financing facilities (cont'd)
Bank facilities (cont'd)

Subordinated loans
The group entered into a subordinated loan agreement with LIM Asia Special Situations Master Fund Limited (LIM) for $20.0 million, which was fully drawn down on 29 July 2015. The loan bears interest at 9% per annum, is secured by a second ranking general security over the company and is repayable within 36 months from the date of the draw down. Further to this, LIM was issued 12 million options on 29 July 2015, expiring on 31 July 2018 at various exercise prices as part consideration for the subordinated loan.

In February 2016, the group entered into a separate short term financing facility with LIM and Transfield Finance Pty Limited for US$2.3m and $3.2m respectively. The majority of these funds were used to repay syndicated debt.

During the year, the covenants applicable to subordinated loan facilities were the same as syndicated bank facilities.

Other
In addition to the syndicated banking facilities and subordinated loan, there are bank guarantees totalling $10.0m (2015 - $16.2m) and other minor leasing and bank loans in various jurisdictions within the group.

Note 12: Events subsequent to reporting date
Subsequent to the reporting date the group repaid Facility C2 and closed this facility, the repayment was made using applied funds from cash cover held by the syndicate on 30 June 2016. In addition, the group made a capital repayment of $3.5m on Facility A1and increased our cash cover held with the syndicate by $2.5m. The group sourced this repayment from a new financing facility opened in July 2016, the facility has a limit of $14m.

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austinengineering LTD

Austin Engineering Ltd – Full Year Results to June 2016

Financial Overview

	FY 15-16	FY 14-15	%
	$m	$m	Change
Revenue	**209.8**	**210.4**	**0%**
Normalised EBITDA*	**9.2**	**15.0**	**-39%**
Normalised NPBT*	**(8.3)**	**(1.3)**	**-538%**
Reported NPAT**	**(40.5)**	**(49.3)**	**18%**
Net assets	**137.0**	**119.4**	**15%**
Basic earnings per share	**(27.04)cps**	**(58.54)cps**	**-54%**

***Excluding impairment/one-off costs**
****Including impairment/one-off costs**

Brisbane, 22 August 2016: Austin Engineering Limited (ASX trading code: ANG) has today announced full-year revenue of $209.8m (marginally below the prior corresponding period of $210.4m) and normalised EBITDA of $9.2m (decrease on the prior corresponding period of $15.0m). This result is within the most recent full year guidance range, with normalised EBITDA for the second half of 2016 having increased by 42% compared to the first-half 2016 result.

Executive Chairman, Mr Peter Pursey, commented on the full-year result saying *"Austin has delivered a full-year normalised EBITDA of $9.2 million, consistent with our earlier market guidance, in an environment where industry conditions remain challenging. With our balance sheet repaired through the sale of the COR Cooling division in May 2016 and the capital raising in June 2016, Austin is now on solid footing to pursue business initiatives that drive revenue and earnings improvements as product replacements commence"*.

Review of Operations

During 2016 market conditions continued to remain subdued within the mining industry despite increases in production levels from all the major miners. Capital spending continues to be deferred, with a continued focus on cost reduction putting further pressure on margins.

Austin's revenues continue to be supported by lower margin repair and maintenance work, however Austin has seen some encouraging signs in the second half of 2016 through an increase in orders for new and replacement truck trays, with the tray replacement cycle commencing in some truck fleets..

The Australian operations produced a positive normalised EBITDA led by the Perth, COR Cooling and Austin Engineering Site Services divisions. Perth operations produced a good result in difficult conditions, with a broad spread of customers, good levels of manufacturing work and workshop repairs at consistently high levels. The East Coast operations continue to be impacted by difficult market conditions in the coal industry. The Company took the decision during the year to close the Brisbane facility and transfer orders to the Hunter Valley and Mackay facilities and in May announced the sale of COR Cooling for a gross amount of approximately $14 million (net proceeds were $13.4 million).

The Indonesia business, after a record year of profit in FY15 had a subdued year with a number of major orders being deferred into FY2017.

The Americas produced a positive normalised EBITDA, however well below that of the prior corresponding period, due mainly to deferral of orders. Servigrut produced a result below previous periods with clients deferring scheduled maintenance due to the low copper price. Westech produced a weak normalised result due to very soft demand in the USA. Other Chilean operations continue to be supported by long-term contracts. The Colombian and Peru operations produced improved results supported by new contracts and orders.

Normalised NPBT of ($8.3m) was down on the prior corresponding period. NPAT of ($40.5m) was impacted by restructuring costs ($19.7m), impairment charges ($9.1m) and legal costs ($1.3m).

FY17 outlook

Austin commences FY17 with an improved tender book and more work in hand relative to the same time in FY16.

Board appointments
The company strengthened the breadth of expertise of the Board Directors in July 2016 with the appointment of experienced Board directors and manufacturing and mining industry veterans Mr Jim Walker and Mr Chris Indermaur. As a result of the increase in the size of the Board, Mr John Nicholls retired from the Board at the same time, and the Board thanks Mr Nicholls for his strong contribution. Mr Michael Buckland resigned as a director with effect on 15 February 2016.

Capital Management
During 2016 Austin strengthened the balance sheet by raising $81m in new capital ($61m in equity and $20m in subordinated debt) and selling COR Cooling for $14m reducing overall debt and providing financial flexibility.

The Company is working through the finalisation of its debt facility arrangements in Australia and internationally which, in combination, will allow for the final capital structure to be in place in 1H FY17. The arrangements will ensure that the Company has the right mix of financial and operational funding flexibility.

At 30 June 2016, syndicated debt was reduced to $6m, which was more than offset by the cash cover held by the syndicate of $8.6m for bank guarantees due to unwind during 1H FY17.

Strategic review
Austin announced in February 2016 that it had completed a strategic review of its operations. The strategic review:

- Confirmed the belief that Austin has a compelling business value proposition which can deliver productivity and value benefits to its customers through its specialised high performance products and services
- Identified as competitive advantages Austin's strong design IP, engineering capability, market acceptance by blue chip customers and end users and customer-proximate physical facilities, that can be leveraged on a global scale; and
- Identified changes to more effectively leverage its competitive advantages and to achieve operational efficiencies

Austin has commenced the first phase of implementation to refocus the company to increase revenues and enhance earnings. These initiatives are expected to start to realise benefits during FY17.

CEO search
A thorough process for the appointment of a new Chief Executive Officer continues. Mr Charles Rottier, who was appointed Chief Strategy Officer for Austin earlier this year, was appointed Interim Chief Executive Officer until such time as a permanent appointment is confirmed and in place.

The former CEO, Mr Michael Buckland, ceased employment with the company in August 2016. The company thanks Michael for his many years of valuable leadership.

Net Assets
Net assets are $137.0m at June 2016, an increase of 15%, compared to $119.4m at June 2015. The increase reflects the proceeds from the equity raisings undertaken, offset by negative reported earnings.

At June 2016 the net tangible asset backing per share of 19.0c reduced by 73% from 71.3c at June 2015.

Dividends
Since the end of the full-year, the Directors have not declared a final dividend for the financial year ending 30 June 2016 (2015 – no dividends paid).

End

For further information, contact Interim Chief Executive Officer Charles Rottier 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 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.