AUSTIN ENGINEERING LTD (ABN 60 078 480 136) AND CONTROLLED ENTITIES
PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2015
RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results	**Year to 30 June 2015 $m**		**Year to 30 June 2014 $m**
Revenue	**210.43**	***up 0.3% from***	**209.87**
Net profit/(loss) after tax for the year	**(49.33)**	***down 5,581% from***	**0.90**
Net profit/(loss) for the year attributable to members	**(49.33)**	***down 5,581% from***	**0.90**

Brief Explanation of Movements in Revenue and Net Profit

Revenue and net profit after tax for the year ended 30 June 2015 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 $40.880 million. Restructuring costs and Westech legal fees totalling $6.933m.

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 21 August 2015, a copy of which is attached herewith on pages 11 and 12. Please also refer to the associated presentation that was released to the market on 21 August 2015.

Dividends and Dividend Reinvestment Plans

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

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

Net Tangible Assets per Security

	Year to 30 June 2015	**Year to 30 June 2014**
Net tangible asset backing per ordinary security (cents)	71.3	87.9

Control Gained Over Entities Having a Material Effect

There were no acquisitions undertaken during the year ended 30 June 2015.

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 2015

	Notes	Consolidated Entity 2015 $000	Consolidated Entity 2014 $000
Revenue	3,7	210,426	209,870
Expenses			
Raw materials and consumables used		(55,818)	(53,017)
Change in inventories and work in progress		692	(1,289)
Employment expenses	4	(98,582)	(96,684)
Subcontractor expenses	4	(3,045)	(1,620)
Occupancy and utility expenses		(8,403)	(8,034)
Depreciation expense		(11,024)	(10,498)
Amortisation expense - customer relationships and other intangibles		(1,077)	(919)
Other expenses		(35,864)	(33,921)
Finance costs	4	(6,071)	(3,852)
Impairment expense	7	(40,880)	-
Profit/(loss) before income tax		(49,646)	36
Income tax credit		314	860
Net profit/(loss) for the full year attributable to members of the company		(49,332)	896
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		2,891	(11,824)
Other comprehensive income for the year		2,891	(11,824)
Total comprehensive income for the year		(46,441)	(10,928)
Profit for the year is attributable to:			
Owners of Austin Engineering Limited		(49,332)	896
Total comprehensive income for the year is attributable to:			
Owners of Austin Engineering Limited		(46,441)	(10,928)
Earnings per share attributable to owners of Austin Engineering Limited:			
Basic earnings/(loss) per share (cents per share)	6	(58.54)	1.14
Diluted earnings/(loss) per share (cents per share)	6	(58.54)	1.14

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 2015

	Notes	Consolidated Entity 2015 $000	2014 $000
Current Assets			
Cash and cash equivalents		3,319	7,385
Trade receivables	7	34,851	30,756
Inventories	7	24,997	29,501
Current tax assets		927	447
Other receivables and other assets		7,582	6,703
Total Current Assets		71,676	74,792
Non-Current Assets			
Property, plant and equipment	7	125,233	131,772
Intangible assets	7	59,288	91,599
Deferred tax assets		9,497	7,734
Other assets		6,639	-
Total Non-Current Assets		200,657	231,105
Total Assets		272,333	305,897
Current Liabilities			
Trade and other payables	7	37,704	26,331
Financial liabilities	7,12	50,325	7,520
Current tax liabilities		722	521
Provisions		6,554	6,238
Total Current Liabilities		95,305	40,610
Non-Current Liabilities			
Financial liabilities	7,12	47,017	90,206
Deferred tax liabilities		10,588	9,440
Total Non-Current Liabilities		57,605	99,646
Total Liabilities		152,910	140,256
Net Assets		**119,423**	**165,641**
Equity			
Contributed equity	8	87,344	87,344
Reserves		(3,781)	(6,895)
Retained earnings		35,860	85,192
Total Equity		**119,423**	**165,641**

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 2015

	Contributed Equity	Options /Performance Rights Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
	$000	$000	$000	$000	$000
Consolidated Entity					
Opening balance at 1 July 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, net of tax:					
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**
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:					
Issue of share capital	-	-	-	-	-
Share issue costs	-	-	-	-	-
Dividends paid	-	-	-	-	-
Share-based payments	-	223	-	-	223
	-	223	-	-	223
At 30 June 2015	**87,344**	**1,842**	**(5,623)**	**35,860**	**119,423**

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 2015

	Consolidated Entity	
	2015	**2014**
	$000	**$000**
Cash flows from operating activities		
Receipts from customers	244,810	229,827
Payments to suppliers and employees	(235,506)	(224,815)
Interest received	1,315	143
Finance costs	(6,071)	(3,852)
Income tax paid	(973)	(7,824)
Net cash provided by/(used in) operating activities	**3,575**	**(6,521)**
Cash flows from investing activities		
Payments for acquisitions of businesses/subsidiaries, net of cash acquired	-	(23,004)
Payments for property, plant and equipment	(3,355)	(18,637)
Release of funds from Escrow in relation to Calama land	4,251	-
Distribution from joint venture	-	1,130
Net cash provided by/(used in) investing activities	**896**	**(40,511)**
Cash flows from financing activities		
Proceeds from issue of shares, net of transaction costs	-	34,188
Proceeds from borrowings	2,000	66,159
Repayment of borrowings	(11,122)	(40,444)
Dividends paid	-	(11,474)
Net cash (used in)/provided by financing activities	**(9,122)**	**48,429**
Net (decrease)/increase in cash and cash equivalents	**(4,651)**	**1,397**
Cash and cash equivalents at the beginning of the year	7,385	6,337
Effects of exchange rate changes on cash and cash equivalents	585	(349)
Cash and cash equivalents at the end of the year	**3,319**	**7,385**

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 2014. The principal accounting policies have been consistently applied to the periods presented, unless otherwise stated.

Financial Highlights

	Change	Consolidated Entity 2015	Consolidated Entity 2014
	%	$000	$000
Revenue	0%	210,426	209,870
Statutory EBITDA (refer note 5)	-316%	(32,789)	15,162
Normalised EBITDA	-1%	15,024	15,162
Profit/(loss) before tax	-138006%	(49,646)	36
Net profit/(loss)t after tax	-5606%	(49,332)	896
Net assets	-28%	119,423	165,641
Basic earnings/(loss) per share (cents)	-5235%	(58.54)cps	1.14cps
Total annual dividend per share (cents)	-100%	-	4.5cps

Note 2: Events subsequent to reporting date

Capital raising

Subsequent to the end of the financial year the company undertook a $51.6 million capital raising comprising:

- A fully underwritten pro-rata accelerated non-renounceable entitlement offer that raised approximately $31.6 million before costs. The entitlement offer comprised institutional and retail components that raised $19.1 million and $12.5 million respectively at an issue price of $0.45 per share. A total of 70,228,337 new ordinary shares were issued. The shares issued rank equally with existing fully paid ordinary shares.
- A subordinated loan of $20 million provided by LIM Asia Special Situations Master Fund Limited (LIM). The loan 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 (4 million options exercisable at $0.60: 6 million options exercisable at $1.00; 2 million options exercisable at $1.75), as part consideration for the subordinated loan.

$45 million of the proceeds from the capital raising were used to reduce senior debt.

Debt repayment

In accordance with the company's debt reduction strategy agreed to with its senior lenders (refer note 12), the company has repaid $45 million of its senior debt post the financial year end. The company has utilised the proceeds from the capital raising undertaken subsequent to the end of the financial year to fund the debt repayment.

Note 3: Revenue

	Consolidated Entity 2015	Consolidated Entity 2014
	$000	$000
Revenue		
Sales revenue:		
Sale of goods	95,708	115,845
Services	112,643	92,948
	208,351	208,793
Other revenue:		
Interest - bank deposits	1,315	143
Other	760	934
	2,075	1,077
Total revenue	**210,426**	**209,870**

Note 4: Expenses

The increase in employment expenses incurred in comparison to the prior year, relates to the new business in Chile (per note 9). Additionally, subcontractor costs were higher as a result of changes in employment structure across some business units.

Finance costs were higher than the prior year as a result of higher interest rates on the syndicated facilities in FY15.

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), 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.

Note 5: Segment information (cont'd)
Executive management monitors segment performance based on EBITDA. Segment information for the years ended 30 June 2015 and 30 June 2014 is as follows:

	Australia		Americas		Middle East		Asia		Total	
	2015 $000	**2014 $000**	**2015 $000**	**2014 $000**	**2015 $000**	**2014 $000**	**2015 $000**	**2014 $000**	**2015 $000**	**2014 $000**
Total segment revenue - from external customers	106,822	125,658	87,478	79,499	-	391	16,126	4,322	210,426	209,870
EBITDA	(1,074)	8,245	3,353	7,047	-	29	5,812	(159)	8,091	15,162
Segment assets at 30 June 2015	102,179		153,652		-		16,502		272,333	
Segment assets at 30 June 2014	110,632		180,478		-		14,787		305,897	

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:

	2015 $000	2014 $000
EBITDA used for segment reporting*	8,091	15,162
Impairment expense	(40,880)	-
Reported EBITDA	(32,789)	15,162
Depreciation	(11,024)	(10,498)
Amortisation	(1,077)	(919)
Interest revenue	1,315	143
Finance costs	(6,071)	(3,852)
Profit/(loss) before income tax from continuing operations	(49,646)	36

*Includes restructuring costs and Westech legal fees totalling $6.933m.

Note 6: Earnings per share

	Consolidated Entity	
	2015 $000	**2014 $000**
Reconciliation of earnings to profit:		
(Loss)/profit after tax	(49,332)	896
Earnings used to calculate basic and diluted earnings per share	(49,332)	896
Weighted average number of ordinary shares:	**No.**	**No.**
Used to calculate basic earnings per share	84,274,004	78,532,742
Effect of dilutive securities - share options	-	-
Used to calculate diluted earnings per share	84,274,004	78,532,742

Options granted to employees under the employee share option plan and rights granted to senior executives under the performance rights plan 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.

Subsequent to the end of the financial year, the company issued 70,228,337 ordinary shares in terms of a non-renounceable entitlement offer (refer note 2). This issue of shares would have changed significantly the number of ordinary shares outstanding at 30 June 2015 if these transactions had occurred before the end of the reporting period. The issue of shares has not been retrospectively adjusted in the calculation of earnings per share.

Note 7: Significant movements
Business conditions and the associated workload for the period ended 30 June 2015 continue to be subdued due to the reduction in spending on mining capital products by mine owners, resulting in continued lower revenues.

Property, plant and equipment decreased in the period. This was predominantly due to land previously held under escrow in Chile, being disposed of, and the reclassification of funds provided for the purchase of land in Peru to non-current prepayments (until title has passed).

Trade receivables and payables, including income received from customers in advance, were higher than the prior year, reflecting an increase in workloads towards the end of FY15. Payables at 30 June 2015 also includes a final payment on a parcel of land in Peru.

In accordance with the company's debt reduction strategy agreed to with its senior lenders (refer note 2), the company undertook to repay $45 million of the senior debt by 30 September 2015. The company has utilised the proceeds from the capital raising undertaken subsequent to the end of the financial year (refer note 2) to fund the debt repayment. Due to the timing of the commitment to pay the banks and the receipt of funds from the Capital Raising at 30 June 2015 the group had net current liabilities of $23.63 million which is solely attributable to $45 million of the senior debt being disclosed as a current liability. The $45 million was paid during July and August 2015 and there is now a surplus of current assets to current liabilities.

Foreign currency translation differences recorded in 2015 were due to 30 June 2015 balance day adjustments on foreign equity balances.

Note 7: Significant movements (cont'd)
The continued adverse business conditions have resulted in an impairment expense of $40.880 million. This has been allocated against goodwill ($32.913 million), identifiable intangible assets ($1.906 million), work in progress ($4.892 million), property, plant and equipment ($0.153 million) and trade and other receivables ($1.016 million). The impairment expense was allocated against the following cash generating units (CGUs) in December 2014:

	Consolidated Entity	
	FY15	**FY14**
	$000	**$000**
Austin Ingenieros Chile	25,767	-
Austin Engineering Peru	10,298	-
Austin Engineering Hunter Valley	3,298	-
Austin Mackay	1,517	-
	40,880	-

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 based on financial forecasts prepared by management covering a five-year period. 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.

The Company has determined the assumptions based on past performance and expectations for the future.

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. Specific risk premiums have been incorporated into the calculation of the discount rates where appropriate.

The pre-tax discount rates used for the Australian based cash generating units, including Austin Engineering Hunter Valley and Austin Mackay is 13.4% (30 June 2014: 12.4%). The pre-tax discount rates used for the Chilean based cash generating units, including Austin Ingenieros Chile is 14.97% (30 June 2014: 12.0%). The pre-tax discount rates used for the Peruvian based cash generating unit, including Austin Engineering Peru is 19.9% (30 June 2014: 16.5%). The pre-tax discount rates used for the USA based cash generating unit, including Western Technology Services International Inc. is 15.9% (30 June 2014: 14.5%).

The perpetual growth rates used for the cash generating units are 3% (30 June 2014: 3%).

Impact of reasonably possible changes in key assumptions
Austin Ingenieros Chile, Austin Peru, Austin Engineering Hunter Valley and Austin Mackay were all written down to recoverable values at 31 December 2014. Therefore any future adverse changes in key assumptions may result in future impairments.

The company believes there is a reasonably possible change in assumptions for the cash generating units of Austin Hunter Valley, Austin Mackay, Austin Ingenieros Chile and Austin Colombia that could possibly result in future impairment. These changes are listed below. There is no reasonably possible change in assumptions that would result in impairment for goodwill allocated to the other cash generating units.

The difference between the carrying value and recoverable amount of these cash generating units as at 30 June 2015 is as follows:

(a)	Austin Hunter Valley:	$1.464 million
(b)	Austin Mackay	$1.311 million
(c)	Austin Ingenieros Chile	$1.617 million
(d)	Austin Colombia	$1.372 million

The implications of the key assumptions for the recoverable amounts are discussed below:

EBITDA Margin
The following changes in the EBITDA margin would result in impairment for the following cash generating units:
Austin Hunter Valley: a reduction of 1.16% in the EBITDA margins used would result in impairment.
Austin Mackay: a reduction of 1.80% in the EBITDA margins used would result in impairment.
Austin Ingenieros Chile: a reduction of 1.15% in the EBITDA margins used would result in impairment.
Austin Colombia: a reduction of 1.53% in the EBITDA margins used would result in impairment.

Discount rates
The following changes in the pre-tax discount rate would result in impairment for the following cash generating units:
Austin Hunter Valley: an increase of 2.57% in the pre-tax discount rate would result in impairment.
Austin Mackay: an increase of 1.66% in the pre-tax discount rate would result in impairment.
Austin Ingenieros Chile: an increase of 0.96% in the pre-tax discount rate would result in impairment.
Austin Colombia: an increase of 1.92% in the pre-tax discount rate would result in impairment.

Note 7: Significant movements (cont'd)
Growth rate
The following changes in the long term growth rate would result in impairment for the following cash generating units:
Austin Hunter Valley: a reduction of 3.88% in the long term growth rate would result in impairment.
Austin Mackay: a reduction of 2.40% in the long term growth rate would result in impairment.
Austin Ingenieros Chile: a reduction of 1.45% in the long term growth rate would result in impairment.
Austin Colombia: a reduction of 3.55% in the long term growth rate would result in impairment.

Note 8: Contributed equity - ordinary shares

	2015		2014	
	No.	**$000**	**No.**	**$000**
Ordinary shares (fully paid)				
Balance at beginning of year	84,274,004	87,344	73,164,403	52,749
Shares issued during the year:				
Share placement	-	-	9,375,000	30,000
Share purchase plan	-	-	1,734,601	5,551
Exercise of options	-	-	-	-
Cost of share issues	-	-	-	(1,360)
Deferred tax adjustment to cost of share issues	-	-	-	404
Balance at end of year	**84,274,004**	**87,344**	**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.

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

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

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

Note 9: Business combinations
2015
There were no acquisitions undertaken during the year end 30 June 2015.

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.

Note 10: Contingent liabilities and contingent assets

Bank guarantees are issued to third parties arising out of dealings in the normal course of business.

Westech patent case

Philippi-Hagenbuch, Inc. and Leroy G. Hagenbuch (collectively, "Hagenbuch") filed a complaint against Western Technology Services International, Inc., an indirect wholly owned subsidiary of the Company and other related parties (collectively, "Westech") alleging infringement of patents on three-dimensional modelling and design of truck bodies and other patents that relate to a water tank baffling system, and claiming unspecified damages and legal fees.

Westech has denied the infringement allegations and asserted that such patents are invalid. The parties have subsequently asserted various counterclaims, and Westech disputes all of Hagenbuch's claims and alleged damages and continues to vigorously defend these claims. After considering the significant legal and factual issues, it is not possible to make a reliable estimate of the amount of loss, if any, that might be incurred as a result of the lawsuit. The Company has thoroughly investigated Hagenbuch's claims and believes them to be without merit.

Note 11: Dividends

	Consolidated Entity	
	2015	**2014**
	$000	**$000**
Distributions paid - final dividends:		
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
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
	-	**11,474**

There were no interim or final dividends paid during the year ended 30 June 2015.

Note 12: Bank facilities

During the first six months of the year ended 30 June 2015, the Group did not meet is net debt:EBITDA and EBIT:interest expense covenants under its multi-currency syndicated facilities agreement. The senior lenders agreed to waive these non-compliances prior to 31 December 2014 and agreed that compliance with the financial covenants not be tested from the existing facility agreement for the period 31 December 2014 to 30 March 2015. In consideration of granting the waiver, certain additional covenants to 30 March 2015 were agreed to and subsequently complied with.

New covenants were agreed effective from 31 March 2015, which reflect the company strategy and include a debt reduction strategy that is principally based around realising existing surplus assets and meeting forecast trading results and cash flows over the 12 months from 31 March 2015.

The new financial covenants comprise the following:

- Gross Debt*:EBITDA** must not exceed 4.0:1 from 30/9/15 to 30/12/15
- Gross Debt*:EBITDA** must not exceed 3.5:1 from 31/12/15 to 30/3/16
- Gross Debt*:EBITDA** must not exceed 3.0:1 from 31/3/16 and thereafter
- EBITDA** covenants which reflect internal forecasts for the next 12 months trading including appropriate headroom
- Restrictions on payment of dividends until the relevant Gross Debt:EBITDA ratio is less than 3:1 for at least two consecutive quarters and provided that the payment of the proposed dividend is not likely to cause the ratio to equal or exceed 3:1
- Other debt reduction payments reflecting the Board's debt reduction strategy

*Gross Debt means Gross Debt per the Balance Sheet.
**EBITDA means normalised last 12 month EBITDA.
***Dividend EBITDA means EBITDA without normalisation adjustments.

The existing gearing ratio is suspended until 1 July 2016 and all other financial covenants suspended until 31 March 2016.

Further variations to covenants were agreed effective 30 June 2015 relating to:

- Consent for the bond issue and rights issue
- Mandatory prepayment program, totalling $45 million, as a result of funds raised from the bond issue and rights issue

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Austin Engineering Ltd – Full Year Results to June 2015

Financial Overview

	FY14	FY15
	$m	$m
Revenue	209.9	210.4
EBITDA	15.2	15.0 *
NPBT	0.0	(1.8) *
NPAT	0.9	(49.3)
Net assets	165.6	119.4
Basic earnings per share	1.1cps	(58.5)cps
Final dividend per share	0.0cps	0.0cps
Total annual dividend per share	4.5cps	0.0cps

***Normalised EBITDA and NPBT, excluding impairment, restructuring costs & Westech legal fees**

Brisbane, 21 August 2015: Austin Engineering Limited (ASX trading code: ANG) has today announced full-year revenue of $210.4m and normalised EBITDA of $15.0m, which is consistent with the prior period. This normalised result was impacted by continued subdued capital spending in the mining industry, while the NPAT result was adversely affected by impairment and one-off costs.

Review of Operations

Conditions remained subdued within the mining industry despite a continuation of maintained/increased production levels across the commodity bases. The comparative financial reflects a stabilisation of the bottom of the market for the range of products and services Austin supply. We are seeing some increase in expenditure for replacement equipment and expect this to improve slowly over the next 18 months.

Revenue for the Australian business units decreased by 15% over the previous year due mainly to the lack of new/replacement equipment orders. The WA operations performed well in the current environment adding new clients and maintaining gross margins through design improvements and reductions in some of the key components of our products. The East Coast operations were severely affected by the difficult economic conditions in the coal sector. Overall, the Australian operations received good levels of repair work but this was not enough to offset the under utilisation of the facilities.

The Americas result has seen a 10% increase in revenue mainly through the Chilean and Colombian operations. The US operation was again affected by the current legal dispute in relation to the patent infringement and a significant drop-off in expenditure throughout the US and Canada. A positive for the US operation was receiving the first orders from Mexico. This is a new market and the operation expects further orders once our product provides the improvements we expect the mining companies to achieve.

The Chilean operations produced a much better result than the previous year with the Servigrut operation producing a result ahead of budget and both the La Negra manufacturing and Calama maintenance operations producing better results. Particularly pleasing was the number of long term contracts that the three Chilean divisions won during the year. The Colombian operation produced a positive result on the back of new maintenance contracts and new product orders associated with these new clients. The Peru operation suffered from a number of write-offs and general lack of orders. We do expect the Peru operation's performance to improve in the current year based on contracts/tenders in process.

The group's Indonesian business unit on Batam Island produced a strong result, well ahead of budget. This was based on new clients out of Africa and manufacture of products for the local market.

Financial Performance

NPAT of ($49.3m) was down on the prior corresponding period, reflecting $40.9m of impairment charges and $6.9m of restructuring costs and Westech legal fees, which is a result of subdued capital expenditure in the mining industry. A small tax credit was recorded for the year predominantly due to the overall net loss across the group during the period. Finance costs were higher than the prior year as a result of higher margins on interest rates on the syndicated facilities in FY15 and the full year effect of the financing of the acquisition of the Servigrut operation.

CEO Michael Buckland commented on the full-year result saying "The group result confirmed our view that $15m normalised EBITDA is what we consider is the bottom of the market for Austin. We have been at these levels for the last 2 years and while seeing an improvement over the next 12 months; it is too early to state that the market has turned.

Austin Engineering – Full-Year Results to June 2015 (Continued)

Financial Performance (Continued)
During the year we have increased our gross margin through design changes to eliminate hours which has led to reductions in the major components of our costs. We have reduced working capital through a reduction in stocks of steel and consumables, without the need for any significant capital expenditure.

We have also seen an increase in our base level of work with a number of long term maintenance and repair contracts won. This provides an excellent base to add on to, once we see an increase in the level of new and replacement orders. Another positive point, was the addition of a number of new clients worldwide".

Net Assets
Net assets of $119.4m at June 2015 were down by 28% from $165.6m at June 2014. The decrease reflects the impairment recorded during the period and the overall cash outflows during the period. At June 2015 the net tangible asset backing per share of 71.3c was down from 87.9c for the June 2014 full-year period.

Cash Flow, Liquidity and Debt
Operating cash flows for the full-year to June 2015 were positive $3.6m, which is consistent with operational activity in the period and represents a $10.1m increase to June 2014.

Non-operational cash flows for the full-year included $3.4m spent on capital expenditure projects, mainly in relation to equipment for a new contract in Colombia and other minor purchases across the group. Other non-operating cash flows included $4.3m of funds released from escrow in relation to land in Calama, Chile and net repayments of finance facilities of $9.1m.

During FY15, the Company recorded an overall cash outflow of $4.7m.

The net gearing ratio (net debt/net debt plus equity, including the value of issued bank guarantees) of 44.5% was up from 35.7% at June 2014.

Dividends
No final divided for FY15 has been declared due to the reduced NPAT level.

Outlook
CEO Michael Buckland said that we have seen an increase in the amount of work on hand over the last 3 months which allows the Company to enter the new financial year with the highest level of work on hand for over 2 years. The South American operations are expected to perform well based on current contracts, although a continuation of orders for the La Negra and Peru operations is needed over the next 3 months.

The Perth operations are expected to produce a result at least on par with previous results, with encouraging levels of orders recently secured. The Brisbane operation has had a good start to the year with good work-loading although, further orders need to be won over the next 2 months for it to maintain these levels. The Company's maintenance operations in Mackay and Hunter Valley continue to operate at subdued levels with coal operators reducing all form of expenditure, although recent large orders for replacement equipment (first of this type in 18 months) are more encouraging.

Indonesia is expected to produce a result slightly below the previous year due mainly to a slow first 3 months with current orders due for delivery after this period.

The US operation has tendered a number of projects however all clients seem to be delaying expenditure as long as possible. We have seen a significant reduction in the number of employees in the US operation and this may reduce further over the coming months.

Since the end of FY15, Austin has seen a $45m reduction in senior debt levels from the Capital Raising conducted in July/August. We expect to further reduce debt over the coming year. Austin will also continue to design innovative new products to add to our current product range. To date we have seen good market acceptance of our new products. We will also see a continued focus on base maintenance/repair contracts to build on the sustainable base for the future.

End

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