

## Retail Entitlement Offer Booklet

In relation to

**A fully-underwritten pro-rata non-renounceable entitlement offer of 5 New Shares for every 6 Shares held at an issue price of \$0.45 per New Share to raise approximately \$31.6 million**

The Retail Entitlement Offer closes at 5pm (Sydney time) on Monday, 10 August 2015

**This Retail Entitlement Offer Booklet is important and should be read in its entirety. If you do not understand any part of this document or are in doubt as to what you should do, you should contact your professional adviser immediately. This document is provided for information purposes and is not a prospectus or other disclosure document under the Corporations Act.**

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS**



**Joint Lead Managers and Underwriters**

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## IMPORTANT INFORMATION

This Retail Entitlement Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act 2001 to Eligible Retail Shareholders with a registered address in Australia and New Zealand recorded in the register of members on 7pm Sydney time Thursday, 23 July 2015 (**Record Date**).

This document is not a prospectus under Australian law or under any other law. Accordingly, this document does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus. This Retail Entitlement Offer Booklet should be read in conjunction with the Company's other periodic and continuous disclosure announcements to ASX available at [www.asx.com.au](http://www.asx.com.au).

This Retail Entitlement Offer Booklet may contain forward-looking statements, opinions and estimates. Forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control, and which may cause actual results to differ materially from those expressed in the statements contained in this document and the attached materials. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to the Company as of the date of this Retail Entitlement Offer Booklet. Except as required by law or regulation (including the ASX Listing Rules) the Company undertakes no obligation to update these forward-looking statements.

Before making any decision to invest, Eligible Retail Shareholders must make their own investigations and analyses regarding the Company, its business, financial performance, assets, liabilities and prospects, rely on their own inquiries and judgements in the light of their own personal circumstances (including financial and taxation issues) and seek appropriate professional advice.

This Retail Entitlement Offer Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any 'US person' (as defined in Regulation S under the US Securities Act of 1933, as amended (**US Person**)). Shares may not be offered or sold in the United States or to, or for the account or benefit of, any US Person absent registration or an exemption from registration. This Retail Entitlement Offer Booklet has been prepared for publication only in Australia and New Zealand and may not be released elsewhere.

Capitalised terms have the meaning given to them in section 6.

## MESSAGE FROM THE CHAIRMAN

Dear Shareholder,

The Company announced on 20 July 2015 that it was conducting a A\$51.6 million capital raising comprising:

- a fully underwritten 5 for 6 pro-rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in the Company at an issue price of \$0.45 per New Share (**Entitlement Offer**) to raise approximately A\$31.6 million before costs; and
- a three year subordinated loan from LIM Advisors Special Situations Fund to raise approximately \$20 million before costs (**Subordinated Loan**)

### Use of funds – debt reduction

The net proceeds of the Capital Raising will be used to reduce senior debt.

The successful completion of the Capital Raising will strengthen the financial position of the Company and provide a capital structure which will optimise cashflow.

### Entitlement Offer

On behalf of your Directors, I am pleased to invite you as a valued Shareholder of Austin Engineering Limited to participate in the Entitlement Offer.

Under the Entitlement Offer, eligible shareholders are entitled to acquire 5 New Shares for every 6 existing Austin ordinary shares (**Shares**) held on the record date, being 7:00pm (Sydney time) on Thursday, 23 July 2015 (**Record Date**).

The Issue Price of \$0.45 per New Share represents a discount of 18.2% to the closing price of Shares on Friday 17 July 2015, the business day before the Entitlement Offer was announced, and a 10.8% discount to the theoretical ex-rights price (**TERP**).

New Shares issued under the Entitlement Offer will rank equally with existing Shares.

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**). The Institutional Entitlement Offer is expected to raise approximately \$20.1 million in total.

The Retail Entitlement Offer is expected to raise approximately \$11.5 million.

This Retail Entitlement Offer Booklet relates to the Retail Entitlement Offer which offers Eligible Retail Shareholders the same opportunity offered to those investors who participated in the Institutional Entitlement Offer.

### Actions required to take up your Entitlement

As an Eligible Shareholder, you may choose one of the following options:

- apply for all of your Entitlement under the Entitlement Offer;
- apply for all of your Entitlement under the Entitlement Offer and apply for additional New Shares in excess of your Entitlement;
- apply for part of your Entitlement; or
- take no action.

The Retail Entitlement Offer closes at **5pm (Sydney time) on Monday 10 August 2015**. To participate in the Entitlement Offer, you must apply for New Shares before this time in accordance with the instructions set out on the form and in section 2 of this booklet.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of the Entitlements they do not take up, and their percentage shareholding in the Company will be reduced following the issue of New Shares.

It is important that you carefully read this Retail Entitlement Offer Booklet and the other publicly available information about the Company on our website ([www.austineng.com.au](http://www.austineng.com.au)) and consider in particular the risk factors set out in section 4 before making any investment decision. With this Retail Entitlement Offer Booklet you will also find your Entitlement and Acceptance Form which details your Entitlement and provides instructions on how to participate in the Retail Entitlement Offer.

On behalf of the Directors, I invite you to consider this opportunity and thank you for your continued support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Reading', with a stylized flourish at the end.

**Paul Reading**  
Chairman

## KEY FEATURES OF THE RETAIL ENTITLEMENT OFFER

### Summary of Offer

Issue Price	\$0.45 per New Share
Discount	10.8% to the theoretical ex-rights price ( <b>TERP</b> ) 18.2% to Austin's closing price of \$0.55 on Friday, 17 July 2015
Entitlement	5 New Shares for every 6 Shares held on the Record Date (23 July 2015)
Additional New Shares available	Eligible Retail Shareholders may apply for New Shares in excess of their Entitlement  The Company and the Underwriters retain complete discretion regarding the allocation of New Shares to Eligible Retail Shareholders who apply for New Shares in excess of their Entitlement. Any scale-back will be applied by the Company and the Underwriters at their discretion.  If the Company and the Underwriters scale back applications for Additional New Shares, excess funds will be returned to applicants without interest in accordance with section 2.4
Approximate number of Shares that will be on issue after the Retail Entitlement Offer is fully subscribed	Approximately 154,502,341
Amount to be raised if the Retail Entitlement Offer (before offer costs)	Approximately \$31.6 million

### Key dates

Announcement of the Retail Entitlement Offer	Monday, 20 July 2015
Record Date to determine Entitlements	7pm (Sydney time) on Thursday, 23 July 2015
Despatch of Retail Entitlement Offer Booklet and Entitlement and Acceptance Forms	Monday, 27 July 2015
Opening date of the Retail Entitlement Offer	Monday, 27 July 2015
Closing Date — last date for lodgement of Entitlement and Acceptance Forms and payment of Application Money	5pm (Sydney time) on Monday, 10 August 2015
Issue and allotment of New Shares	Thursday, 13 August 2015
Normal trading of New Shares expected to commence on ASX	Friday 14 August 2015
Transaction confirmation statements for New Shares expected to be despatched	Monday, 17 August 2015

Eligible Retail Shareholders that wish to participate in the Retail Entitlement Offer are encouraged to subscribe for New Shares as soon as possible after the Retail Entitlement Offer opens. The Company in consultation with the Joint Lead Managers reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates of the Retail Entitlement Offer (including extending the Retail Entitlement Offer or accepting late applications) without notice.

## 1 Details of the Retail Entitlement Offer

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### 1.1 Overview of the Entitlement Offer

Austin proposes to raise approximately \$31.6 million under the Entitlement Offer through the issue of approximately 70 million New Shares. Under the Entitlement Offer, Austin is offering Eligible Shareholders the opportunity to subscribe for 5 New Shares for every 6 existing Shares held at the Record Date, at the Issue Price of \$0.45 per New Share.

Where fractions arise in the calculation of an Entitlement, they have been rounded up to the next whole number of New Share.

The Entitlement Offer comprises four parts:

- (a) **(Institutional Entitlement Offer)** Under which Eligible Institutional Shareholders were invited to take up all or part of their Entitlement.
- (b) **(Institutional Bookbuild)** Under which New Shares attributable to the Entitlements not taken up by Eligible Institutional Shareholders, together with New Shares attributable to the Entitlements that would have been offered to Ineligible Institutional Shareholders if they had been entitled to participate in the Institutional Entitlement Offer, were offered under a bookbuild to certain Institutional Investors.
- (c) **(Retail Entitlement Offer)** under which Eligible Retail Shareholders are being sent this Retail Entitlement Offer Booklet, together with a personalised Entitlement and Acceptance Form, and are being invited to take up all or part of their Entitlement.
- (d) **(Retail Shortfall Facility)** Under which New Shares attributable to Entitlements:
  - (i) not taken up by Eligible Retail Shareholders; and
  - (ii) that would have been offered to Ineligible Retail Shareholders if they had been entitled to participate in the Retail Entitlement Offer,

will be offered under a Retail Shortfall Facility to Eligible Retail Shareholders that have exercised their full Entitlement. The Company and the Underwriters retain complete discretion regarding the allocation of New Shares to Eligible Retail Shareholders who apply for New Shares in excess of their Entitlement. Please see section 1.4 for further details.

### 1.2 The Retail Entitlement Offer

Eligible Retail Shareholders are invited to participate in a pro-rata non-renounceable Retail Entitlement Offer to raise up to approximately \$31.6 million (before offer costs). The Retail Entitlement Offer will be conducted on the basis of 5 New Shares for every 6 Shares held on the Record Date, at an Issue Price of \$0.45 per New Share, which is payable in full on application.

The Issue Price represents:

- a discount of approximately 10.8% to the TERP; and
- a discount of approximately 18.2% to Austin's closing price on Friday, 17 July 2015.

Please refer to the Investor Presentation in section 3 of this Retail Entitlement Offer Booklet for information regarding the purpose of the Entitlement Offer, the sources and applications of proceeds of the Entitlement Offer, Austin's business and strategy and importantly, the risks associated with an investment in Austin. You should also consider publicly available information about Austin available at [www.asx.com.au](http://www.asx.com.au) and [www.austineng.com.au](http://www.austineng.com.au).

### 1.3 Eligible Retail Shareholders

This Retail Entitlement Offer Booklet contains an offer of New Shares to Eligible Retail Shareholders. Eligible Retail Shareholders are those holders of Shares who:

- (a) are registered as a holder of Shares on the Record Date;
- (b) have a registered address in Australia or New Zealand;
- (c) are not in the United States, are not a US Person and are not acting for the account or benefit of a person in the United States or a US Person;
- (d) are not an Eligible Institutional Shareholder who was invited to participate in the Institutional Entitlement Offer;
- (e) are not an Ineligible Institutional Shareholder; and
- (f) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Retail Shareholders that are not Eligible Retail Shareholders are Ineligible Retail Shareholders.

The Entitlements of Eligible Retail Shareholders who also hold performance rights will be calculated on the basis of the number of Shares they hold on the Record Date, disregarding any performance rights which have not been exercised before that time.

### 1.4 Retail Shortfall Facility

A Retail Shortfall Facility will allow Eligible Retail Shareholders that have fully subscribed for their Entitlements under the Retail Entitlement Offer to subscribe for Additional New Shares. Eligible Retail Shareholders can subscribe for Additional New Shares by completing the relevant part of the Entitlement and Acceptance Form, or through BPAY<sup>®</sup>, please refer to section 2.3.

The Company and the Underwriters retain complete discretion regarding the allocation of Additional New Shares which Eligible Retail Shareholders subscribe for in excess of their Entitlement. Any scale-back will be applied by the Company and the Underwriters at their discretion.

Any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to Ineligible Retail Shareholders if they had been entitled to participate in the Retail Entitlement Offer.

There is no guarantee that those Eligible Retail Shareholders will receive the number of Additional New Shares applied for, or any. The Company's and the Underwriters' decision on the number of New Shares and Additional New Shares to be allocated to you will be final.

In the event of a scale back, the difference between the Application Monies received, and the number of New Shares allocated to you multiplied by the Issue Price, will be refunded by the Company, without interest, following allotment.

### 1.5 Institutional Entitlement Offer and Institutional Bookbuild

The Institutional Entitlement Offer was conducted between 20 July 2015 and 21 July 2015 (inclusive). The shortfall from the Institutional Entitlement Offer was offered to institutions through an Institutional Bookbuild. The Institutional Bookbuild was conducted on Monday 20 July and concluded by 5.00pm on that day.

Settlement of the Institutional Entitlement Offer and the Institutional Bookbuild is expected to occur on 28 July 2015.

The Institutional Entitlement Offer and the Institutional Bookbuild is expected to raise approximately \$15.6 million through the issue of approximately 34,627,377 million Shares.

#### 1.6 **Ranking of New Shares**

New Shares and Additional New Shares issued under the Entitlement Offer will rank equally with existing Shares.

#### 1.7 **Effect of the Entitlement Offer on Austin's capital structure**

##### (a) **Share capital**

The principal effect of the Entitlement Offer on Austin's capital structure will be to increase the total number of issued Shares. The capital structure of Austin following the issue of the New Shares in connection with the Entitlement Offer will be as follows:

Shares on issue on announcement of the Entitlement Offer	84,274,004
Shares to be issued under the Institutional Entitlement Offer	Approximately 44.8 million
New Shares to be issued under the Retail Entitlement Offer	Approximately 25.5 million
Shares on issue after the Entitlement Offer	Approximately 154.5 million

The final number of New Shares to be issued under the Entitlement Offer is subject to reconciliation.

##### (b) **Other securities**

As at the date of this Retail Entitlement Offer Booklet, the Company had on issue 1,150,299 performance rights. The exercise price of all performance rights and the number of underlying shares to which the performance rights relate will be readjusted in accordance with their terms and the Listing Rules following the Entitlement Offer. The performance rights do not carry an entitlement to participate in the Retail Entitlement Offer.

In conjunction with the Entitlement Offer, the Company will also raise \$20 million under a Subordinated Loan. Under the terms of the loan, the Company will grant a total of 12 million 3 year options, comprising 4 million options exercisable at \$0.60; 6 million options exercisable at \$1.00 and 2 million options exercisable at \$1.75.

#### 1.8 **Withdrawal of Entitlement Offer**

The Board reserves the right to withdraw all or part of the Retail Entitlement Offer at any time before the issue of New Shares, in which case the Company will refund Application Money without payment of interest.

#### 1.9 **No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application or payment once it has been accepted, except as allowed by law.

#### 1.10 **No Entitlements trading**

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlement in full will not receive any value in respect of those Entitlements that they do not take up.

**1.11 Discretion to deal with shortfall**

To the extent there is any shortfall in subscriptions for New Shares and Additional New Shares under the Retail Entitlement Offer, the Directors reserve the right to allocate top up Shares or place any shortfall at their discretion within three months of the close of the Retail Entitlement Offer.

**1.12 Minimum subscription**

There is no minimum subscription for the Retail Entitlement Offer.

**1.13 Rounding of Entitlements**

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

**1.14 Opening and Closing Date for applications**

The Retail Entitlement Offer opens for acceptances on 27 July 2015 and all Entitlement and Acceptance Forms and payments of Application Money must be received by no later than 5pm (Sydney time) on 10 August 2015, subject to the Directors being able to vary the Closing Date in accordance with the Listing Rules.

**1.15 Allotment of New Shares and ASX quotation**

It is expected that allotment of the New Shares will take place as soon as practicable after the Closing Date. It is expected that the New Shares will be allotted no later than 13 August 2015. However, if the Closing Date is extended, the date for allotment may also be extended.

No allotment of New Shares will be made until permission is granted for their quotation by ASX.

**1.16 Joint Lead Managers**

Bell Potter Securities Limited and Argonaut Capital Limited have been appointed as joint lead managers to the Entitlement Offer on normal commercial terms.

**1.17 Underwriting**

The Entitlement Offer is fully-underwritten by Argonaut Capital Limited and Bell Potter Securities Limited who will be paid an underwriting fee. The underwriting fee is an amount equal to 5.0% of the amount raised under the Entitlement Offer.

The Underwriting Agreement is in a standard form for transactions of this size and type and contains customary covenants, indemnities and representations and warranties by the Company and terminating events which if they occur, will relieve the Underwriter of its underwriting obligations – a summary is set out in section 5.12.

## 2 How to participate

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### 2.1 What you may do — choices available

Before taking any action you should carefully read this Retail Entitlement Offer Booklet and the other publicly available information about the Company on our website ([www.austineng.com.au](http://www.austineng.com.au)) and consider the risk factors set out in section 4.

The number of New Shares to which Eligible Retail Shareholders are entitled is shown on the Entitlement and Acceptance Form. If you are an Eligible Retail Shareholder you may:

<b>Alternatives</b>	<b>See section</b>
• Take up your Entitlement in full or in part	2.2
• Take up your Entitlement in full and apply for Additional New Shares	2.2 and 2.3
• Allow your Entitlement to lapse	2.7

### 2.2 If you wish to accept your Entitlement in full or in part

Either:

#### **Payment by cheque or bank draft**

If you are paying for your New Shares by cheque, bank cheque or bank draft, complete and return the Entitlement and Acceptance form with your payment. The Share Registry must receive your completed Entitlement and Acceptance Form together with full payment for the number of New Shares for which you are applying by no later than **5pm (Sydney time) on Monday, 10 August 2015**.

Your cheque, bank cheque or bank draft must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. Your payment must be for the full amount required to pay for the New Shares applied for. Payments in cash will not be accepted.

Cheques must be made payable to 'Austin Engineering Limited' and crossed 'Not Negotiable'.

You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. We will not re-present any dishonoured cheques.

or:

#### **Pay by BPAY<sup>®</sup>**

If you are paying for your New Shares by BPAY<sup>®</sup>, please refer to your personalised instructions on your Entitlement and Acceptance Form. Please note that should you choose to pay by BPAY<sup>®</sup>:

- you do not need to complete or return the Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form;
- amounts received by the Company in excess of the Issue Price multiplied by your Entitlement (**Excess Amount**) may be treated as an application to apply for as many Additional Shares as your Excess Amount will pay for in full; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Money.

When completing your BPAY<sup>®</sup> payment, please make sure to use the specific Biller Code and unique reference number provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (i.e. where you have multiple holdings), please only use the reference number specific to the Entitlement on that form. If you inadvertently use the same reference number for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which the reference number applies.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY<sup>®</sup> are received by **5pm (Sydney time) on Monday, 10 August 2015**.

Excess Application Money that is not sufficient to subscribe for a number of New Shares or Additional New Shares multiplied by the Issue Price will be refunded to you except where that amount is less than \$2.00, in which case it will be retained by the Company. The method by which you receive the refund will be at the discretion of the Company. No interest will be paid to Eligible Retail Shareholders on any Application Money received or refunded.

### 2.3 **Applying for Additional New Shares**

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**). Please note that Additional New Shares will only be allocated to Eligible Retail Shareholders if and to the extent that the Company and the Underwriters determine to do so, in their absolute discretion having regard to circumstances as at the time of the close of the Retail Entitlement Offer. Any Additional New Shares will be limited to the extent there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to Ineligible Shareholders if they had been entitled to participate in the Retail Entitlement Offer.

### 2.4 **Scale back**

The Company and the Underwriters may scale back any application for Additional New Shares in its absolute discretion, but will not scale back any Entitlement.

In the event of a scale back, the difference between the Application Money received, and the number of New Shares allocated to you multiplied by the Issue Price, will be refunded by the Company, without interest, following allotment.

### 2.5 **Acceptance of the Retail Entitlement Offer**

By completing, and the Company receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY<sup>®</sup>, you:

- (a) agree to be bound by the terms of this Retail Entitlement Offer Booklet and the provisions of the Company's constitution;
- (b) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (c) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer;
- (e) acknowledge that once the Company receives the Entitlement and Acceptance Form or your payment by BPAY<sup>®</sup>, you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with up to, the number of New Shares that your payment will pay for at the Issue Price of \$0.45 per New Share;
- (g) authorise the Company and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of

the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;

- (h) declare that you were the registered holder(s) at the Record Date (Thursday, 23 July 2015) of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (i) acknowledge that the information contained in this booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs, and that the Retail Entitlement Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (j) represent and warrant (for the benefit of Austin, the Joint Lead Managers or their affiliates and respective bodies corporate) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Institutional Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- (k) acknowledge the statement of risks in section 4, and that investments in the Company are subject to risks;
- (l) represent and warrant that the law of any place (other than Australia and New Zealand) does not prohibit you from being given this Retail Entitlement Offer Booklet or making an application for New Shares; and
- (m) represent and warrant that you are an Eligible Retail Shareholder and have read and understood this booklet and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this Retail Entitlement Offer Booklet and the Entitlement and Acceptance Form.

By completing, and the Company receiving, your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY<sup>®</sup>, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that you:

- (a) are not in the United States and are not a US Person (see section 5.2 below), and are not acting for the account or benefit of, a US Person and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- (b) acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia and New Zealand, and accordingly, the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (c) agree that if in the future you decide to sell or otherwise transfer the New Shares or Additional New Shares you will only do so in regular transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States or a U.S. Person;
- (d) acknowledge that, if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting on behalf of a person in the United States and you have not sent this booklet, the Entitlement and Acceptance Form or any information relation to the Retail Entitlement Offer to any such person;

- (e) agree to provide (and direct your nominee and custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date; and
- (f) [have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States or that is a US Person, or is acting for the account or benefit of a US Person.

## 2.6 Address details and enquiries

Completed Entitlement and Acceptance Forms (including payment of Application Money) should be forwarded in the enclosed reply paid envelope to the Company's Share Registry by mail to the following address:

### **Mailing address**

Austin Engineering Limited  
C/- Advanced Share Registry Limited  
110 Stirling Highway  
Nedlands WA 6009

### **Hand delivery**

Austin Engineering Limited  
C/- Advanced Share Registry Limited  
110 Stirling Highway  
Nedlands WA 6009

If you would like further information you can:

- Contact your stockbroker, accountant or other professional adviser; or
- Call Managing Director Michael Buckland or Chief Financial Officer Scott Richardson on +61 3271 2622 at any time from 8:30 am to 5:30 pm (Sydney time) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer period.

## 2.7 If you do not wish to accept all or any part of your Entitlement

To the extent you do not accept all or any part of your Entitlement, it will lapse. Any New Shares that you would have otherwise been entitled to under the Retail Entitlement Offer (or New Shares that relate to the portion of your Entitlement that has not been accepted) may be acquired by the Joint Lead Managers or sub-underwriters.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of the Entitlements they do not take up, and their percentage shareholding in the Company will be reduced following the issue of New Shares.

### **3 Investor Presentation**

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See attached

# Austin Engineering Ltd

## Capital Raising Presentation

July 2015



austin ingenieros

WESTECH



austinengineering<sup>LTD</sup>

[www.austineng.com.au](http://www.austineng.com.au)

## Disclaimer

This investor presentation (Presentation) has been prepared by Austin Engineering Limited (ABN 60 078 480 136) ("ANG" or the "Company"). This Presentation has been prepared in relation to a non-renounceable accelerated entitlement offer of New Shares, to be made to eligible institutional and sophisticated shareholders of ANG (Institutional Entitlement Offer) and eligible retail shareholders of ANG (Retail Entitlement Offer) (together the "Entitlement Offer"), under section 708AA of the Corporations Act as modified by Australian Securities and Investments Commission (ASIC) Class Order 08/35 (the Offer).

**Summary information:** This Presentation contains summary information about ANG, its subsidiaries, and its activities which is current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in ANG or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

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**Investment risk:** An investment in ANG shares is subject to known and unknown risks, some of which are beyond the control of ANG. ANG does not guarantee any particular rate of return or the performance of ANG, nor does it guarantee the repayment of capital from Austin or any particular tax treatment. Investors should have regard to the risk factors outlined in this Presentation when making their investment decision.

**Financial data:** All dollar values are in Australian dollars (A\$ or AUD) unless otherwise stated. Investors should note that this Presentation contains pro forma financial information. The pro forma financial information and past information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of ANG's views on its future financial condition and/or performance.

The pro forma financial information has been prepared by ANG in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory reporting requirements in Australia. Investors should also note that the pro forma financial information does not purport to be in compliance with Article 11 of Regulation SX of the rules and regulations of the U.S. Securities and Exchange Commission.

Investors should be aware that certain financial data included in this presentation are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934. These measures include Net Debt.

The disclosure of such non-GAAP financial measures in the manner included in the Presentation may not be permissible in a registration statement under the U.S. Securities Act. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although ANG believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this Presentation.

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There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in this Presentation. Investors should consider the forward looking statements contained in this Presentation in light of those disclosures. The forward looking statements are based on information available to ANG as at the date of this Presentation.

Except as required by law or regulation (including the ASX Listing Rules), ANG undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

**Past performance:** Investors should note that past performance, including past share price performance, of ANG cannot be relied upon as an indicator of (and provides no guidance as to) future ANG performance including future share price performance.

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# Overview

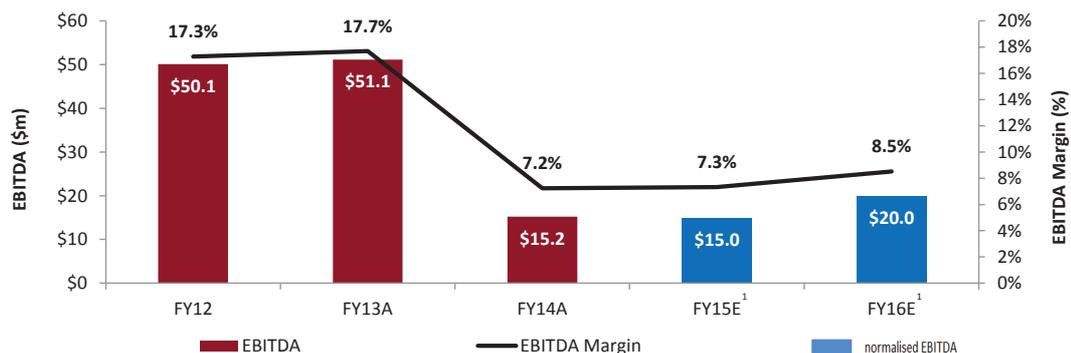
- The Company is undertaking a capital raising of \$51.6m comprising:
  - a fully underwritten \$31.6m pro rata accelerated non-renounceable entitlement offer at an offer price of \$0.45 per share and
  - a \$20m subordinated loan facility
 (together the “Capital Raising”)
- Austin is undertaking the Capital Raising to:
  - Reduce debt
  - Strengthen the balance sheet
  - Improve financial flexibility
- Austin is well positioned to take advantage of the expected pending maintenance and replacement cycle and has actively responded to the current challenging environment with:
  - Ongoing contract wins across all of its business units and regions
  - Operations remaining focused and efficient despite low activity
  - Debt reduction plan underway

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# Earnings Guidance

- The Company expects FY15 revenue to be \$205m and normalised<sup>1</sup> EBITDA to be between \$14.5m and \$15.5m
- FY16 earnings are expected to improve with revenue of approximately \$235m<sup>2</sup> and normalised<sup>1</sup> EBITDA of approximately \$20m<sup>2</sup>
- Over the last 6 months Austin has experienced a gradual build up of base workload comprising on site and off site repair and maintenance services and some larger equipment orders through the company’s main facilities
- This base-load provides operational stability and efficiencies, which in turn provides a platform to achieve better margins from future new and replacement equipment sales



1. Estimated statutory EBITDA is materially different - FY15 (\$32.9m) (loss) and FY16 \$17.1m. See Appendix for normalisation adjustments and reconciliation to estimated statutory EBITDA  
 2. See Appendix for the FY16 revenue/earnings methodology

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# Business Update and Outlook

## Americas

- Chile
  - Servigrut crane hire division has secured a 5 year contract extension with El Abra mining group
  - El Abra has awarded Austin an order for the design and manufacture of 9 tray bodies to be delivered June/July 2015
  - Austin's maintenance division has been awarded a new mine maintenance contract for Centinela mine (Antofagasta Minerals)
  - 6 trays for the Gaby mine (Codelco)
  - A further 20 tray bodies are expected in 1HFY16 for replacement of existing Austin (Westech) bodies
  - All of Austins three divisions in Chile have an excellent base-load from fixed long term contracts going into FY16
- Austin Peru
  - 2 year maintenance contract for Las Bambas mine (MMG) to commence 1 August 2015. This contract provides the key base-load contract for FY16 which was missing from this operation over the FY15 period
  - Las Bambas contract involves 80 people and is for the maintenance of all of the mine mobile equipment including tray bodies previously supplied by Austin
  - Austin Peru recently won orders for 11 items of equipment

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# Business Update and Outlook

## Americas (Cont.)

- Colombia
  - 3 year contract for the supply of maintenance personnel to Prodeco's port
  - 6 month extension to the existing 2 mine contract for the supply of 300 personnel for maintenance on its mining equipment
  - Finalising negotiations to establish a formal 3 year contract for the above work on 2 mines
  - Prodeco has issued its first order for 3 tray bodies with delivery July/August 2015
  - Cerrejon has also placed its first order for a tray body – potential to lead to further orders
  - Significant tender for Cobre Panama (a US\$6.5bn project) expected in early calendar 2016
- Wyoming
  - Currently experiencing soft demand in the USA due to miners delaying expenditure on equipment
  - Forecasting soft first quarter for FY16
  - Recently completed its first orders into Mexico with more orders in the pipeline
  - Encouraging enquiries from Canadian oil sands

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# Business Update and Outlook

## Australia

- West Coast
  - Supply contract for tray bodies with a large mining company - the first order is for 15 bodies with delivery from July to October 2015
  - Continue to receive high levels of repair work from the major miners within their service agreements
  - Significant amount of tenders for large volume orders expected to be awarded in the first quarter of FY16
- East Coast
  - Continue to win orders with further orders received for 15 tray bodies and 2 buckets – a good level of orders until October
  - The above is in addition to 21 bodies to be delivered between June and October
  - Tendering has improved, however the Company is still sourcing orders past October 2015
  - 2 year contract for onsite maintenance in Hunter Valley, although repair and maintenance is inconsistent
- COR Cooling
  - 3 year contract in WA with a major miner for supply, service and repair
  - 2 year contract in NSW for the service and supply of parts to a major miner

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# Business Update and Outlook

## Asia

- Indonesian operations have recently been operating at a high level of utilisation on Indonesian projects and orders into Africa
- Forecasting lower first quarter of FY16 however existing orders will commence in October 2015
- Tendering at good levels

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## Entitlement Offer: Key Details

<b>Offer Size</b>	<ul style="list-style-type: none"> <li>5 for 6 pro rata accelerated non-renounceable entitlement offer of ordinary shares in Austin to eligible shareholders to raise approximately \$31.6m</li> </ul>
<b>Offer Price</b>	<ul style="list-style-type: none"> <li>\$0.45 per fully paid ordinary share               <ul style="list-style-type: none"> <li>– 18.2% discount to last closing price of \$0.55 per share<sup>1</sup></li> <li>– 25.0% discount to 30 day VWAP of \$0.60 per share<sup>1</sup></li> <li>– 10.8% discount to TERP of \$0.505 per share<sup>1</sup></li> </ul> </li> </ul>
<b>Institutional Entitlement Offer</b>	<ul style="list-style-type: none"> <li>Institutional Entitlement Offer is open to eligible institutional investors on Monday, 20 July 2015; and</li> <li>Institutional Entitlements not taken up and entitlements of ineligible institutional shareholders will be placed into the Institutional Entitlement Offer shortfall bookbuild to be conducted on Monday 20 July 2015</li> </ul>
<b>Retail Entitlement Offer</b>	<ul style="list-style-type: none"> <li>Retail Entitlement Offer is open to eligible retail shareholders from Monday, 27 July 2015</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>New Shares issued under the Offer will rank equally with existing Austin shares</li> </ul>
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>Argonaut Capital Limited and Bell Potter Securities Limited</li> </ul>

<sup>1</sup> Calculated with reference to Austin's last closing price of \$0.55 on Friday 17 July 2015

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## Subordinated Loan: Key Details

- \$20m subordinated loan facility with LIM Asia Special Situations Master Fund
- Interest rate of 9.0%pa
- 2.0% establishment fee
- 2.0% redemption fee (early repayment) and 1.0% maturity fee (if no early repayment)
- Drawdown date by 28 July 2015 for a 36 month term
- Options structure:
  - 4m unlisted options @ \$0.60 expiring 31 July 2018
  - 6m unlisted options @ \$1.00 expiring 31 July 2018
  - 2m unlisted options @ \$1.75 expiring 31 July 2018
- Proceeds will be used towards repaying senior debt
  - provides Austin an adequate capital structure to optimise cash flow and strengthen its financial position
- Financial covenants – Senior Debt less than 4.0x on last 12 months normalised EBITDA, and first and last right to provide any additional capital during term of the loan
- Security – second ranking and subordinated to senior debt
- Conditions precedent – underwritten equity capital raising by 28 July of not less than A\$30m and execution of definitive documentation by 24 July 2015
- LIM reserve the right to nominate a director for appointment to the Austin board

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# Strengthened Balance Sheet

	As at 31 December 2014 (\$m)	Impact of the Offer (\$m)	Pro Forma as at 31 December 2014 (\$m)
Cash and cash equivalents	10		10
Trade and other receivables	34		34
Inventories	22		22
Current tax assets	1		1
Property, plant and equipment	130		130
Intangible assets	60		60
Deferred tax assets	11		11
Other assets	9		9
<b>Total Assets</b>	<b>276</b>	<b>0</b>	<b>276</b>
Trade and other payables	33		33
Financial liabilities - senior lending facilities	83	(50)	33
Financial liabilities - other bank debt	14		14
Financial liabilities - bond	0	20	20
Tax liabilities	11		11
Provisions	6		6
<b>Total Liabilities</b>	<b>147</b>	<b>(30)</b>	<b>117</b>
<b>Net Assets / Equity</b>	<b>129</b>	<b>30</b>	<b>159</b>
Net debt	87	(30)	57
Net Gearing <sup>1</sup>	40.3%		26.4%

<sup>1</sup> Net Gearing calculation = Net debt/(Net debt + Net assets)

<sup>2</sup> See Appendix for information about the basis of preparation of the pro-forma balance sheet

- This pro-forma<sup>2</sup> Balance Sheet illustrates the effect of the Capital Raising on the balance sheet of the Company as at 31 December assuming that:
  - \$31.6m of equity is raised (less 5% fee equals approximately \$30.0m cash)
  - \$20.0m sub-ordinated bond (less 2% fee equals approximately \$19.6m cash)
  - Senior Debt of \$49.6m is repaid from the above, being total capital proceeds less fees
- Total Gross Debt is estimated to be \$67m following the restructure, of which \$33m is with the senior lending facilities, \$20m is bond and \$14m is other bank debt
- The latest completed managements accounts (May15) show there are no material differences to total net assets since 31/12/14
- Cash has decreased to approximately \$6m at present due to normal working capital movements

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## Debt profile after recapitalisation and debt reduction

- Total Gross Debt of approximately \$67m comprising:
  - \$33m syndicated bank debt (Nil US denominated)
  - \$14m other bank debt and
  - \$20m subordinated loan
- Net debt of approximately \$61m
  - \$6m cash as at 3 July 2015
- Headroom within gearing covenant
  - Gross Debt: normalised EBITDA of 4.0x (Sep15), 3.5x (Dec15), 3.0x (Mar16), 3.0x (Jun16)
  - Gross Debt of approximately \$47m – excludes \$20m subordinated loan
  - EBITDA for covenant purposes is normalised historic EBITDA for last 12 months
- Reduced interest payments in FY16
- Reduction in US denominated debt
  - The senior lending facilities contain USD debt of US\$27.1m, which will be 100% repaid via the capital raising
- Sources of potential further debt reduction
  - Vacant block of land in Peru and the Mackay and Colombian properties being marketed for sale
  - No property sales have been included in the forecasts attached to this presentation.

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# Indicative Timetable

Event	Date <sup>1</sup>
Announcement of the Entitlement Offer and Institutional Entitlement Offer opens	Monday, 20 July 2015
Institutional Entitlement Offer closes	Tuesday, 21 July 2015
Shares recommence trading on ASX	Wednesday, 22 July 2015
Retail Entitlement Offer record date	Thursday, 23 July 2015
Retail Entitlement Offer opens	Monday, 27 July 2015
Allotment of New Shares issued under Institutional Entitlement Offer	Thursday, 30 July 2015
Retail Entitlement Offer closes	Monday, 10 August 2015
Settlement of Retail Entitlement Offer	Thursday, 13 August 2015
Trading of New Shares issued under Retail Entitlement Offer	Friday, 14 August 2015

<sup>1</sup> The Company in consultation with the Joint Lead Managers reserves the right to vary the dates without notice

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## Appendix

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# EBITDA Adjustments

FY15 forecast EBITDA	(\$m)
<b>Statutory EBITDA</b>	<b>(32.9)</b>
.....Adjustments	
- Westech legal fees	3.4
- Restructuring costs	3.6
- Impairment expense, comprising of:	
- Goodwill	32.9
- Identifiable intangible assets	1.9
- Work in progress	4.9
- Plant & Equipment	0.2
- Trade and other receivables	1.0
<b>Normalised EBITDA</b>	<b>15.0<sup>1</sup></b>

- Westech legal fees are associated with defending patent infringement claims against Westech in the USA
  - Plaintiff has requested for the trial which was scheduled for July to be delayed and for mediation to commence
  - Westech believes it has a strong defence to the infringement claims

FY16 forecast EBITDA	(\$m) <sup>1</sup>
<b>Statutory EBITDA</b>	<b>17.2</b>
.....Adjustments	
- Westech legal fees	1.4
- Restructuring costs	1.4
<b>Normalised EBITDA</b>	<b>20.0<sup>1</sup></b>

<sup>1</sup> Based on the midpoint of normalised earnings guidance

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# FY16 Revenue/Earnings methodology

The earnings forecasts have been prepared by the Company on the following basis:

- The FY16 budget prepared in accordance with the Company's normal annual budget process.
- This is a bottom up process where each reporting unit provides a detailed profit & loss statement, balance sheet and cash flow statement and is reviewed by the Group executive team and ultimately the Board
- Sales forecasts are generated from current work on hand, current contracts/agreements, quotes in the market, and conversations/meeting with clients regarding forecast requirements over the next year. Historical run rates for clients are also used to generate sales forecast in certain businesses within the group
- Historical/actual figures associated with labour costs, costs of consumables, current supplier agreements with creditors and forecast increases for inflation are reviewed and incorporated/amended as necessary. Changes in operational requirements are also reviewed and accounted for
- Corporate costs are allocated on known costs, historical run rates and any contracts in place

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# Basis of preparation of pro-forma Balance Sheet

- The pro-forma consolidated balance sheet of the Company has been prepared to illustrate the effect of the Offer on the Company.
- It is based on the reviewed balance sheet of the Company as 31 December 2014, adjusted to reflect the relevant pro-forma transactions
- It has been prepared on the basis of accounting policies normally adopted by the Company. The financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by the accounting standards applicable to financial statements.
- The pro-forma balance sheet is not a forecast. The actual financial position of the Company on completion of the Offer will differ from the position illustrated in the pro-forma balance sheet due to operations during the period between 31 December 2014 and the date when the Capital Raising is completed.

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## Key Risks

### Summary

Investors should be aware that there are risks associated with an investment in the Company. Activities of the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance. There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance and position of the Company and the outcome of an investment in the Company. Some of these risks can be adequately mitigated by the use of safeguards and appropriate systems but many are beyond the control of the Company and its Directors and cannot be mitigated.

Prior to deciding whether to take up their New Shares under the Offer, Shareholders should read this entire Investor Presentation and review announcements made by the Company to ASX (at [www.asx.com.au](http://www.asx.com.au), ASX:ANG) in order to gain an appreciation of the Company, its activities, operations, financial position and prospects. Shareholders should also consider the summary risk factors set out below which the Directors believe represent some of the key specific and general risks that Shareholders should be aware of when evaluating the Company and deciding whether to participate in the Offer. The risk factors set out below are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed. Shareholders should also have regard to their own investment objectives and financial circumstances and should seek professional guidance from their stockbroker, solicitor, accountant or other professional advisor before deciding whether to invest.

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# Key Risks

## Specific Risks

### Risks associated with banking facilities

- Austin has debt obligations to its senior lenders. The debt facilities contain a variety of material covenants which the Company and its subsidiaries must comply with. Whilst every effort will be made to seek to comply with the covenants, in the event of a breach, the senior lenders may be entitled to call for repayment of the facilities (and exercise its rights as first ranking secured creditor where Austin defaults on such repayment). This will have a material adverse effect on the ability of the Company to continue its operations.
- Austin may not be able to access equity or debt capital markets to support our business growth objectives or successfully refinance its debt facilities on commercially favourable terms, or at all.
- If Austin is unable to manage its indebtedness and the restrictions applicable to it as a result of this indebtedness, its ability to implement its business strategy may be impaired and the results of its operations and financial condition may be adversely affected.

### Movements in commodity prices and other factors

- Austin operates in the mining services industry and movements in international commodity prices, exchange rates and a decrease in the volume of production are beyond Austin's control and could adversely affect Austin's profitability and balance sheet.
- Austin's business is strongly influenced by movements in international steel prices, which fluctuate significantly over time, are cyclical, difficult to forecast and outside of Austin's control.
- Austin's business depends on a number of factors outside the control of Austin, including, but not limited to, continued global economic growth, continued international demand and infrastructure constraints experienced by Austin's clients. Any prolonged decline in the demand for energy may result in a corresponding decline in the use for the Company's services, which will have an adverse effect on the financial performance and/or financial position of the Company.
- If any of these factors move adversely to Austin, that may have a material adverse impact on the financial position and performance of Austin.

### Foreign exchange rates and interest rates

- Adverse movements in exchange rates may impact sales proceeds received, product costs and price competitiveness and may impact the operations and financial performance of Austin. Also, adverse fluctuations in interest rates, to the extent that they are not hedged may impact Austin's financial performance.

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# Key Risks

## Operational risk

- Interruptions at the Company's facilities could impact Austin's ability to supply its customers and could adversely affect our operations, financial condition or results of operations.
- The production of mining consumables and steel products involves inherent risks relating to the nature of manufacturing processes. Specifically, manufacturing processes are dependant on quality inputs and critical equipment such as furnaces, casters, steam boilers, rolling mills and electrical equipment which may incur downtime as a result of unanticipated failures or other events, such as breakdowns, loss of external power supply or natural disasters and other events outside Austin's control.
- Industrial action between the Company and unions could disrupt the Company's operations. A shortage of skilled personnel may increase Austin's costs and may materially and adversely affect production levels and profitability.

## Dependence on key customer and supplier relationships

- Austin relies on various key customer and supplier relationships, and the loss or impairment of any of these relationships could have a material adverse effect on Austin's operations, financial condition and prospects.
- An interruption in raw material, electricity, gas or water supply, a deterioration in the quality of raw materials or inputs supplied or an increase in the price of those raw materials could adversely impact the quality, efficiency or cost of products. Any of these events could have an adverse impact on the Company's financial condition and results of operations.
- Depending on the market price of the relevant commodity, some of the Company's customers may determine that it is not economically feasible to maintain current levels of production or to continue commercial production at some or all of their operations or the development of some or all of their current projects, as applicable, and reduce or cease their purchases of Austin products and services.

## Competition

- Austin faces competition across its range of products and services. A significant increase in competition, including through imports, could materially affect the future financial position and performance of Austin by putting downward pressure on prices or by reducing Austin's sales volumes.

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# Key Risks

## Product risk

- The products and services Austin produces are subject to sales agreements with customers and must meet certain specifications. Despite controls and measures being in place, products and services may fall outside these specifications due to process failures, equipment malfunctions or variability of inputs which could have a material adverse effect on the Company's financial condition and results of operations.
- Austin is exposed to warranty and liability risks relating to defects in its steel products. If any products it sells are defective or fail to meet the required specifications, the relevant customers may assert claims against the Company.
- Austin maintains an internal risk management process and also follows quality assurance procedures in relation to the manufacture of its products and materials.

## Sustainability of growth and margins

- The sustainability of growth and the level of profit margins are dependent on Austin's ability to secure new customers and contracts.
- A failure to secure service contracts may have a material adverse affect on Austin. Additionally, if Austin experiences strong growth in future years and is not able to properly manage such growth due to labour or capital equipment shortages, its financial performance could be adversely affected.

## Occupational Health and Safety (OHS)

- Austin's operations are subject to extensive health and safety laws and regulations.
- Failure to comply with the Company's internal health and safety policies and processes and with health and safety laws and regulations could result (and in some instances has resulted) in enforcement action which could result in monetary penalties. In addition, any significant government investigation or enforcement of health and safety requirements could damage the Company's reputation as a responsible company and employer or could result in suspension or closure of our operations.

## Natural risks

- Austin operates in regions that are subject to unpredictable weather, geological conditions and other natural risks that could result in production delays or disruptions to our operations.
- The negative impacts of climate change could increase the frequency of severe weather resulting in increased natural risks.

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# Key Risks

## Intellectual property

- There can be no assurances that the validity, ownership or authorised use of intellectual property (including technology, know-how, trademarks, designs and patents (both owned and licensed) relevant to Austin's business may not be challenged.

## Litigation and legal matters

- Austin is exposed to the risk of claims and lawsuits arising in the ordinary course of its business, including claims for damages and commercial disputes relating to its business, products and services, which if successful, could adversely affect its business or financial position.

## Reduction in outsourcing

- Austin is dependent on customers outsourcing service, repair and maintenance services. Should customers undertake these works internally then the need for externally provided services may negatively affect the growth prospects and financial performance of the Company.

## Contractual risks

- Austin's financial performance is reliant on the revenue produced from the utilisation and productivity of its key assets. To ensure that the productivity of the Company's assets is maximised, where possible the Company engages in short term contracts with its customers and certain suppliers. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contracts is dependent upon the relevant third party complying with its contractual obligations.
- To the extent that third parties default in their obligations or become insolvent, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.
- The Company has also entered into contracts with third party product and service providers, who the Company may be reliant upon to efficiently conduct its operations. Any non-compliance by these third parties may have adverse consequences on the financial position of the Company.
- In some circumstances where an established relationship exists with a customer, the Company may continue to provide services to the customer beyond the life of the contract, on the assumption that the contractual terms will continue to apply. Disputes may ultimately arise with these third parties to the extent that there is uncertainty over the terms that govern the relationship. These disputes may require legal action which, as noted above, may prove costly with the ultimate outcome being uncertain

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# Key Risks

## Risks associated with global operations

- Austin is subject to political, legal, social and economic policy risks and uncertainties in the countries in which the Company operates. Any deterioration or disruption of the political, legal, social or economic environment and business climate in those countries may have an effect on Austin's businesses, financial position, results of operations or prospects.
- Austin provides products and services in a number of countries around the world. Therefore, Austin is subject to tax and legal regimes of many different jurisdictions and is subject to risks of changes in laws, taxes or interpretation or enforcement

## Insurance

- It is not always possible to obtain insurance against all risks and Austin may decide not to insure against certain risks as a result of high premiums or other reasons. The occurrence of an event that is not fully covered, or covered at all, by insurance, could have a materially adverse effect on the Company's financial position.

## Disruption to Business Operations

- The Company's activities are subject to a range of operational risks. Such operational risks include equipment failures, IT system failures, external services failure (including energy or water supply), industrial action or disputes and natural disasters. While the Company will endeavour to take appropriate action to mitigate these operational risks or to insure against them, one or more of these risks may have a material adverse impact on the performance of Austin.

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# Key Risks

## General Risks

### Stock market fluctuations

- The value of the New Shares will be determined by the share market and will be subject to a range of factors beyond the control of the Company and the Directors. Share market fluctuations in Australia and other stock markets around the world may negatively affect the value of the New Shares. Factors that may influence the investment climate in stocks may not relate to actual performance of the Company and may include general economic outlook, changes in government fiscal, monetary and regulatory policies, movements in commodity prices, exchange rate movements, interest rates, inflation and political developments.

### Lack of liquid market for shares

- There can be no guarantee that an active market in the Shares will develop or continue or that the price of the Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares at a price that is attractive to them or at all. There may be relatively few, or many potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Applicants paid.

### General economic conditions

- Both Australian and world economic conditions may negatively affect Austin's performance. Any slow down in economic conditions or factors such as the level of production in the relevant economy, inflation, currency fluctuation, interest rates, taxation legislation, supply and demand and industrial disruption may have a negative impact on the Company's costs and revenue. These changes may adversely affect the Company's financial performance and/or financial position.

### Accounting Standards

- Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this presentation may adversely impact on Austin's reported financial performance and/or financial position.

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# Key Risks

## Legal and Regulatory Changes

- The operating activities of the Company are subject to extensive laws and regulations. These relate to labour standards, taxes, occupational health, waste disposal, transportation safety and other matters. Compliance with these laws and regulations increases the costs of operating activities. As legal requirements change frequently, are subject to interpretation and may be enforced to varying degrees in practice, Austin is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, changes in regulations and policies and practices could have an adverse impact on the Company's future cash flows, earnings, and financial position.

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# Foreign Selling Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

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# Foreign Selling Restrictions

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

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# Foreign Selling Restrictions

## United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

## United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

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# Austin's Principal Products



Off-highway  
dump truck  
bodies



Buckets



Water tanks



Service modules



Tyre handlers



Ancillary  
attachments



Industrial cooling and heat  
transfer systems (COR Cooling)

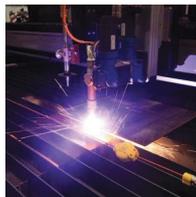
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# Austin Principal Services



Equipment  
repair and  
maintenance



Specialised  
fabrication



Painting and  
blasting



Specialised  
machining and  
line boring



On-site maintenance and shutdown  
services (Pilbara Hire)

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# Austin Brands

## **austin**engineering™

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

## **austin**ingenieros

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



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



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



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



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



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

## **WESTECH**

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

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## 4 Risk factors

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### 4.1 Introduction

An investment in the New Shares being offered under this Retail Entitlement Offer Booklet is not risk free. The provision of services to the mining industry may be considered a high-risk activity.

The future performance of the Company and the future investment performance of the Shares may be influenced by a range of factors. Many are outside the control of the Board and the Company.

Prior to making any decision to accept the Offer, investors should carefully consider the following risk factors applicable to the Company. The Directors have set out below a series of risks considered to be relevant to the Company and the Retail Entitlement Offer as follows:

- Section 4.2 sets out the key risks which are specific to the Company;
- Section 4.3 sets out other material risks relating to the Company.

Careful consideration should be given to the following risk factors, as well as the other information contained in this Retail Entitlement Offer Booklet and the Shareholder's own knowledge and enquiries, before an investment decision is made.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. Some of the risks may be outside the control of Austin and not capable of mitigation. There are also general risks associated with any investment in Shares.

The risks described below are not to be taken as exhaustive. The specific risks considered and others not specifically referred to may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Retail Entitlement Offer Booklet.

### 4.2 Key risks specific to an investment in the Company

In addition to the other material risks in section 4.3, Shareholders should be aware of the risks specific to an investment in the Company. The major risks are described below.

#### (a) Financing

The Company has its debt facility with Westpac Banking Corporation, Australia and New Zealand Limited and National Australia Bank Limited (**Senior Lenders**).

The facilities contain a variety of material covenants which the Company and its subsidiaries must comply with. Whilst every effort will be made to seek to comply with the covenants, in the event of a breach, the Senior Lenders may be entitled to call for repayment of the facilities (and exercise its rights as first ranking secured creditor where the Company defaults on such repayment). This will have a material adverse effect on the ability of the Company to continue its operations.

Austin's ability to effectively implement its business strategy may depend in part on its ability to repay its debt facility with the Senior Lenders and raise additional funds. Austin may not be able to access equity or debt capital markets to support its business growth objectives or successfully refinance its debt facilities on commercially favourable terms, or at all.

If Austin is unable to manage its indebtedness to its Senior Lenders and the restrictions applicable to it as a result of this indebtedness, its ability to implement its business strategy may be impaired and the results of its operations and financial condition may be adversely affected.

(b) **Movements in commodity prices and other factors**

Austin operates in the mining services industry. Movements in international commodity prices, exchange rates and a decrease in the volume of production are beyond Austin's control and could adversely affect Austin's profitability and balance sheet.

Austin's business is strongly influenced by movements in international steel prices, which fluctuate significantly over time, are cyclical, difficult to forecast and outside of Austin's control.

Austin's business depends on a number of factors outside the control of Austin, including, but not limited to, continued global economic growth, continued international demand and infrastructure constraints experienced by Austin's clients. If any of these factors move adversely to Austin, that may have a material adverse impact on the financial position and performance of Austin.

Any prolonged decline in the demand for energy may result in a corresponding decline in the need for the Company's services, which will have an adverse effect on the financial performance and/or financial position of the Company.

(c) **Foreign exchange rates and interest rates**

Adverse movements in exchange rates may impact sales proceeds, product costs and price competitiveness and may impact the operations and financial performance of Austin. Adverse fluctuations in interest rates, to the extent that they are not hedged, may impact Austin's financial performance.

(d) **Operational risk**

Interruptions at the Company's facilities could impact Austin's ability to supply its customers and could adversely affect its operations, financial condition or results of operations.

The production of mining consumables and steel products involves inherent risks relating to the nature of manufacturing processes. Specifically, manufacturing processes are dependent on quality inputs and critical equipment such as furnaces, casters, steam boilers, rolling mills and electrical equipment which may incur downtime as a result of unanticipated failures or other events, such as breakdowns, loss of external power supply or natural disasters and other events outside Austin's control.

Industrial action between the Company and unions could disrupt the Company's operations. A shortage of skilled personnel may increase Austin's costs and may materially and adversely affect production levels and profitability.

(e) **Dependence on key customer and supplier relationships**

Austin relies on various key customer and supplier relationships, and the loss or impairment of any of these relationships could have a material adverse effect on Austin's operations, financial condition and prospects.

An interruption in raw material, electricity, gas or water supply, a deterioration in the quality of raw materials or inputs supplied or an increase in the price of those raw materials could adversely impact the quality, efficiency or cost of products. Any of these events could have an adverse impact on the Company's financial condition and results of operations.

Depending on the market price of the relevant commodity, some of the Company's customers may determine that it is not economically feasible to maintain current levels of production or to continue commercial production at some or all of their operations or the development of some or all of their current projects, as applicable, and reduce or cease their purchases of Austin products and services.

(f) **Competition**

Austin faces competition across its range of products and services. A significant increase in competition, including through imports, could materially affect the future financial position and performance of Austin by putting downward pressure on prices or by reducing Austin's sales volumes.

(g) **Product risk**

The products and services Austin produces are subject to sales agreements with customers and must meet certain specifications. Despite controls and measures being in place, products and services may fall outside these specifications due to process failures, equipment malfunctions or variability of inputs which could have a material adverse effect on the Company's financial condition and results of operations.

Austin is exposed to warranty and liability risks relating to defects in its steel products. If any products it sells are defective or fail to meet the required specifications, the relevant customers may assert claims against the Company.

Austin maintains an internal risk management process and also follows quality assurance procedures in relation to the manufacture of its products and materials.

(h) **Sustainability of growth and margins**

The sustainability of growth and the level of profit margins are dependent on the Company's ability to secure new customers and contracts. A failure to secure service contracts may have a material adverse effect on the Company. Additionally, if Austin experiences strong growth in future years and is not able to properly manage such growth due to labour or capital equipment shortages, its financial performance could be adversely affected.

(i) **Occupational Health and Safety (OHS)**

Austin's operations are subject to extensive health and safety laws and regulations. Failure to comply with the Company's internal health and safety policies and processes and with health and safety laws and regulations could result (and in some instances has resulted) in enforcement action which could result in monetary penalties. In addition, any significant governmental investigation or enforcement of health and safety requirements could damage the Company's reputation as a responsible company and employer or could result in suspension or closure of our operations.

(j) **Natural risks**

Austin operates in regions that are subject to unpredictable weather, geological conditions and other natural risks that could result in production delays or disruptions to our operations. The negative impacts of climate change could increase the frequency of severe weather resulting in increased natural risks.

(k) **Intellectual property**

There can be no assurances that the validity, ownership or authorised use of intellectual property (including technology, know-how, trademarks, designs and patents (both owned and licensed) relevant to Austin's business may not be challenged.

(l) **Litigation and legal matters**

Austin is exposed to the risk of claims and lawsuits arising in the ordinary course of its business, including claims for damages and commercial disputes relating to its business, products and services, which if successful, could adversely affect its business or financial position.

**(m) Reduction in outsourcing**

Austin is dependent on customers outsourcing service, repair and maintenance services. Should customers undertake these works internally then the need for externally provided services may negatively affect the growth prospects and financial performance of the Company.

**(n) Contractual risks**

Austin's financial performance is reliant on the revenue produced from the utilisation and productivity of its key assets. To ensure that the productivity of the Company's assets is maximised, where possible the Company engages in short term contracts with its customers and certain suppliers. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contracts is dependent upon the relevant third party complying with its contractual obligations.

Specifically, some of the Company's contracts are able to be terminated by the customer with a short period of notice. Any early termination of existing or future material contracts relating to the Company's assets may adversely affect the financial performance and/or financial position of the Company.

To the extent that third parties default in their obligations or become insolvent, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.

The Company has also entered into contracts with third party product and service providers, who the Company may be reliant upon to efficiently conduct its operations. Any non-compliance by these third parties may have adverse consequences on the financial position of the Company.

In some circumstances where an established relationship exists with a customer, the Company may continue to provide services to the customer beyond the life of the contract, on the assumption that the contractual terms will continue to apply. Disputes may ultimately arise with these third parties to the extent that there is uncertainty over the terms that govern the relationship. These disputes may require legal action which, as noted above, may prove costly with the ultimate outcome being uncertain.

**(o) Risks associated with global operations**

Austin is subject to political, legal, social and economic policy risks and uncertainties in the countries in which the Company operates. Any deterioration or disruption of the political, legal, social or economic environment and business climate in those countries may have an effect on Austin's businesses, financial position, operational results and prospects.

Austin provides products and services in a number of countries around the world. Therefore, Austin is subject to taxation and legal regimes of many different jurisdictions and is subject to risks associated with changes in laws, taxes and interpretation or enforcement.

**(p) Insurance**

It is not always possible to obtain insurance against all risks and Austin may decide not to insure against certain risks as a result of high premiums or other reasons. The occurrence of an event that is not fully covered, or covered at all, by insurance, could have a materially adverse effect on the Company's financial position.

**(q) Disruption to Business Operations**

The Company's activities are subject to a range of operational risks. Such operational risks include equipment failures, IT system failures, external services failure (including energy or water supply), industrial action or disputes and natural disasters. While the Company will endeavour to take appropriate action to mitigate these operational risks

or to insure against them, one or more of these risks may have a material adverse impact on the performance of Austin.

#### 4.3 **Other material risks**

Other material risks are set out below.

(a) **Stock market fluctuations**

The value of the New Shares will be determined by the share market and will be subject to a range of factors beyond the control of the Company and the Directors. Share market fluctuations in Australia and other stock markets around the world may negatively affect the value of the New Shares. Factors that may influence the investment climate in stocks may not relate to actual performance of the Company and may include general economic outlook, changes in government fiscal, monetary and regulatory policies, movements in commodity prices, exchange rate movements, interest rates, inflation and political developments.

(b) **Lack of liquid market for shares**

There can be no guarantee that an active market in the Shares will develop or continue or that the price of the Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares at a price that is attractive to them or at all. There may be relatively few, or many potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Applicants paid.

(c) **General economic conditions**

Both Australian and world economic conditions may negatively affect Austin's performance. Any slow down in economic conditions or factors such as the level of production in the relevant economy, inflation, currency fluctuation, interest rates, taxation legislation, supply and demand and industrial disruption may have a negative impact on the Company's costs and revenue. These changes may adversely affect the Company's financial performance and/or financial position.

(d) **Accounting Standards**

Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this booklet may adversely impact on Austin's reported financial performance and/or financial position.

(e) **Legal and Regulatory Changes**

The operating activities of the Company are subject to extensive laws and regulations. These relate to labour standards, taxes, occupational health, waste disposal, transportation safety and other matters. Compliance with these laws and regulations increases the costs of operating activities. As legal requirements change frequently, are subject to interpretation and may be enforced to varying degrees in practice, Austin is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, changes in regulations and policies and practices could have an adverse impact on the Company's future cash flows, earnings, and financial position.

## **5 Important information for Shareholders**

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### **5.1 No prospectus or product disclosure statement and not investment advice**

The Retail Entitlement Offer complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Class Order 08/35. Accordingly, neither this Retail Entitlement Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC.

It is also not investment advice and does not take into account your investment objectives, financial situation, tax position and particular needs. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your personal circumstances (including financial and taxation issues) and seek professional guidance before deciding whether to invest.

### **5.2 Shareholders outside Australia and New Zealand**

#### **(a) General restrictions**

This Retail Entitlement Offer Booklet and accompanying Entitlement and Acceptance Form do not constitute an offer of New Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. In particular, this Retail Entitlement Offer Booklet may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

The distribution of this Retail Entitlement Offer Booklet in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of this document outside Australia and New Zealand should seek advice on and observe any such restrictions. A failure to comply with these restrictions may constitute a violation of applicable securities laws.

It is the responsibility of any applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Entitlement and Acceptance Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws and that the applicant is physically present in Australia and New Zealand.

#### **(b) New Zealand**

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

(c) **Hong Kong**

WARNING: This Retail Entitlement Offer Booklet has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this Retail Entitlement Offer Booklet or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

(d) **Singapore**

This Retail Entitlement Offer Booklet and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Retail Entitlement Offer Booklet has been given to you on the basis that you are:

- (i) an existing holder of the Company's shares;
- (ii) an "institutional investor" (as defined in the SFA); or
- (iii) a "relevant person" (as defined in section 275(2) of the SFA).

In the event that you are not an investor falling within any of the categories set out above, please return this Retail Entitlement Offer Booklet immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

**(e) United Kingdom**

Neither the information in this Retail Entitlement Offer Booklet nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this Retail Entitlement Offer Booklet, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This Retail Entitlement Offer Booklet should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons:

- (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**);
  - (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO; or
  - (iii) to whom it may otherwise be lawfully communicated,
- (together, **relevant persons**).

The investments to which this Retail Entitlement Offer Booklet relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

**(f) United States**

This Retail Entitlement Offer Booklet may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this Retail Entitlement Offer Booklet have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

**5.3 Ineligible Retail Shareholders**

The Company is not extending the Retail Entitlement Offer to Ineligible Retail Shareholders having regard to the cost of complying with legal and regulatory requirements outside Australia and New Zealand, the number of Ineligible Retail Shareholders and the number and value of New Shares which could be offered to Ineligible Retail Shareholders.

Where this Retail Entitlement Offer Booklet has been dispatched to Ineligible Retail Shareholders, it is provided for information purposes only.

In limited circumstances the Company may elect to treat as Eligible Retail Shareholders certain Shareholders who would otherwise be Ineligible Retail Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such

Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

#### 5.4 **Notice to nominees and custodians**

Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a letter from Austin. Nominees and custodians should consider carefully the contents of the letter and note in particular that the Retail Entitlement Offer is not available to Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not) and Institutional Shareholders that were ineligible to participate in the Institutional Entitlement Offer.

Austin is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. Where any nominee or custodian is acting on behalf a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Any person in the United States or any US Person with a holding through a nominee may not participate in the Retail Entitlement Offer. Nominees and custodians may not distribute any part of this Retail Entitlement Offer Booklet in the United States or in any other country outside of Australia and New Zealand.

#### 5.5 **Continuous disclosure**

Austin is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including the preparation of annual reports and half-yearly reports.

Austin is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, Austin has an obligation under the Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information which it is or becomes aware which a reasonable person would expect to have a material effect on the price value of its Shares. That information is available to the public from the ASX.

#### 5.6 **Taxation consequences**

The taxation consequences of any investment in New Shares will depend upon your particular circumstances. Potential investors must make their own enquiries concerning the taxation consequences of an investment in the Company. Applicants should consult their tax adviser for advice applicable to their individual needs and circumstances.

#### 5.7 **Privacy**

If you complete an Entitlement and Acceptance Form and apply for New Shares (and Additional New Shares), you will be providing personal information to Austin, its agents, contractors and third party service providers. Austin, its agents, contractors and third party service providers will collect, hold and use that information to assess your acceptance, carry out administration of your shareholding, service your needs as a Shareholder and facilitate corporate communications.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, print service providers, mail houses and the Share Registry.

Failure to provide the required personal information may mean that your acceptance is not able to be processed efficiently, if at all.

You may request access to your personal information held by (or on behalf of) Austin and by the Share Registry. You can request access to, or the updating of, your personal information by telephoning or writing to Austin or the Share Registry using the details shown in the Corporate Directory.

The collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) and the Corporations Act.

## 5.8 Future performance and forward looking statements

This document contains certain forward looking statements with respect to the financial condition, results of operations, projects and business of Austin. These forward looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice. Austin gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward looking statements will be achieved.

Forward looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Except as required by law, and only to the extent so required, no person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Retail Entitlement Offer.

## 5.9 Past performance

Past Share price performance provides no guarantee or guidance as to future Share price performance. Past performance information given in this Retail Entitlement Offer Booklet is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this Retail Entitlement Offer Booklet is, or is based upon information that has been released to the market. For further information, please see past announcements released to the ASX.

## 5.10 Risks

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer.

Section 4 details important factors and risks that could affect the financial and operating performance of Austin. You should consider these risk factors carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Retail Entitlement Offer.

## 5.11 Disclaimer of representations

No person is authorised to give any information or make any representation in connection with the Retail Entitlement Offer, which is not contained in this Retail Entitlement Offer Booklet. Any information or representation not contained in this Retail Entitlement Offer Booklet may not be relied on as having been authorised by Austin in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required:

- (a) none of Austin, or any person, warrants or guarantees the future performance of Austin or any return on any investment made pursuant to the information contained in this Retail Entitlement Offer Booklet; and
- (b) Austin, its officers, employees and advisers disclaim all liability that may otherwise arise due to the Retail Entitlement Offer Booklet being inaccurate or incomplete in any respect.

## 5.12 Underwriting arrangements

On 20 July 2015, Austin entered into the Underwriting Agreement under which the Underwriters have agreed to jointly manage and fully underwrite the Entitlement Offer.

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- (a) Austin has (subject to certain limitations) agreed to indemnify the Underwriters, their related bodies corporate, directors, officers, agents, partners, employees, representatives and advisers against losses incurred in respect of the Entitlement Offer;

- (b) Austin and the Underwriters have given certain representations, warranties and undertakings in connection with (among other things) the conduct of the Entitlement Offer;
- (c) The Underwriters may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
- (i) the S&P ASX 200 Index the S&P ASX Small Ordinaries Index or the S&P ASX 200 Industrials Index is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business prior to the date of the Underwriting Agreement;
  - (ii) the Company does not despatch the offer materials on the due date or the offer materials or the Entitlement Offer is withdrawn by the Company;
  - (iii) it is announced by ASX that Austin will be removed from the official list of ASX, Austin is delisted or Shares are suspended from trading (other than with the prior consent of the Underwriters);
  - (iv) the Company defaults or breaches any terms, conditions, covenants or undertakings under the Underwriting Agreement which has, or is likely to have, a material adverse effect;
  - (v) the Company is prevented from issuing New Shares within the time required by the timetable and the Listing Rules;
  - (vi) any material authorisation referred to in the offer materials is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriters acting reasonably;
  - (vii) there are material adverse changes or disruptions in the political conditions or financial markets of key countries, or hostilities commence or escalate in certain key countries;
  - (viii) the Company fails to lodge the cleansing notice before its due date or the cleansing notice is defective or a supplementary statement is issued or is required to be issued under the Corporations Act;
  - (ix) material contracts are terminated or breached;
  - (x) an event of insolvency occurs;
  - (xi) any of the offer materials are or become false, misleading or deceptive (including by omission); or
  - (xii) there is a material adverse change (actual or prospective) in the condition, or in the assets, liabilities, financial position, trading results, earning, business, results of operation, management or prospects or forecasts, of Austin or its subsidiaries from that disclosed to the Underwriters.

The Underwriters will be remunerated by Austin for providing these services at market rates and may be reimbursed for certain expenses.

The Underwriters have not authorised or caused the issue of this Retail Entitlement Offer Booklet (including the Investor Presentation) and take no responsibility for any information in this Retail Entitlement Offer Booklet (including the Investor Presentation) or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriters exclude and disclaim all liability, for any expense, losses, damages, or costs incurred by you as a result of your participation in the Retail Entitlement Offer and the information in this Retail Entitlement Offer Booklet (including the Investor Presentation) being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

### 5.13 **Authorisation and disclaimers**

This Retail Entitlement Offer Booklet is issued by, and is the sole responsibility of Austin Engineering Limited.

None of the parties referred to in the Corporate Directory of the Retail Entitlement Offer Booklet (other than Austin), has:

- (a) authorised or caused the issue of this Retail Entitlement Offer Booklet; or
- (b) made or authorised the making of any statement that is included in this Retail Entitlement Offer Booklet or any statement on which a statement in this Retail Entitlement Offer Booklet is based.

To the maximum extent permitted by law, each of the parties referred to in the Corporate Directory of this Retail Entitlement Offer Booklet (other than Austin) expressly disclaims and takes no responsibility for any statements in or omissions from this Retail Entitlement Offer Booklet.

### 5.14 **Governing law**

This Retail Entitlement Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of applications are governed by the laws applicable in Queensland, Australia.

### 5.15 **Interpretation**

Some capitalised words and expressions used in this Retail Entitlement Offer Booklet have meanings which are explained in section 6.

A reference to time in this Entitlement Offer Booklet is to the local time in Brisbane, Australia, unless otherwise stated. All financial amounts in this Retail Entitlement Offer Booklet are expressed in Australian dollars, unless otherwise stated.

### 5.16 **No handling fees**

There will be no handling fees payable to brokers for Entitlement and Acceptance Forms lodged by them on behalf of Eligible Retail Shareholders.

## 6 Definitions

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<b>Additional New Shares</b>	New Shares which Eligible Retail Shareholders apply for in excess of their Entitlement
<b>Application Money</b>	Money received in respect of an application for New Shares and Additional New Shares (if applicable)
<b>ASIC</b>	The Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as applicable
<b>Board</b>	The board of Directors
<b>Closing Date</b>	The last day for payment of Application Money and return of Entitlement and Acceptance Forms being, 5pm (Sydney time) on Monday, 10 August 2015 (unless extended)
<b>Company or Austin</b>	Austin Engineering Limited ACN 078 480 136
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Director</b>	A director of the Company
<b>Eligible Institutional Shareholder</b>	An Institutional Shareholder to whom Listing Rule 7.7.1(a) does not apply and who received an offer under the Institutional Entitlement Offer
<b>Eligible Retail Shareholder</b>	A Shareholder as described in section 1.3 of this Retail Entitlement Offer Booklet
<b>Entitlement</b>	The entitlement to 5 New Shares for every 6 Shares held on the Record Date. The entitlement of each Eligible Retail Shareholder is shown on the personalised Entitlement and Acceptance Form
<b>Entitlement Offer</b>	The pro-rata accelerated non-renounceable entitlement offer to subscribe for New Shares on the basis of 5 New Shares for every 6 Shares held by Shareholders as at Record Date
<b>Entitlement and Acceptance Form</b>	The entitlement and acceptance form accompanying this Entitlement Offer Booklet
<b>Ineligible Institutional Shareholders</b>	An Institutional Shareholder: <ul style="list-style-type: none"> <li>• who has a registered address outside Australia, New Zealand, Hong Kong, Singapore and the United Kingdom and any other jurisdictions as Austin and the Underwriters agree;</li> <li>• to whom Listing Rule 7.7.1(a) applies; and</li> <li>• who in the absence of Listing Rule 7.7.1(a) would have been an Eligible Institutional Shareholder</li> </ul>

<b>Ineligible Retail Shareholder</b>	A retail shareholder who is not an Eligible Retail Shareholder
<b>Institutional Entitlement Offer</b>	The offer of New Shares to Eligible Institutional Shareholders as part of the Entitlement Offer
<b>Institutional Investor</b>	A person: <ul style="list-style-type: none"> <li>in Australia, to whom an offer of shares in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an 'exempt investor' as defined in section 9A(5) of the Corporations Act (as inserted by ASIC Class Order 08/35); or</li> <li>in selected jurisdictions outside Australia, to whom an offer of New Shares may be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which Austin, at its absolute discretion, is willing to comply with such requirements)</li> </ul>
<b>Institutional Shareholder</b>	a Shareholder on the Record Date who is an Institutional Investor
<b>Investor Presentation</b>	The presentation set out in section 3 of this Retail Entitlement Offer Booklet
<b>Issue Price</b>	\$0.45 per New Share
<b>Joint Lead Managers</b>	Bell Potter Securities Limited and Argonaut Capital Limited
<b>Listing Rules</b>	The official listing rules of ASX, as amended or waived by ASX from time to time
<b>Management</b>	The senior management team of the Company
<b>New Shares</b>	Shares offered under the Entitlement Offer
<b>Record Date</b>	7pm (Sydney time) on Thursday, 23 July 2015
<b>Register</b>	The register of Shareholders required to be kept under the Corporations Act
<b>Retail Entitlement Offer</b>	The offer of New Shares made in this Retail Entitlement Offer Booklet
<b>Retail Entitlement Offer Booklet</b>	This booklet
<b>Retail Shortfall Facility</b>	The offer of Additional New Shares to Eligible Retail Investors that have fully subscribed to the Entitlement Offer as described in section 1.4.
<b>Share</b>	A fully paid ordinary share in the Company
<b>Share Registry</b>	Advanced Share Registry Limited
<b>Shareholder</b>	A holder of Shares
<b>TERP</b>	The theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. The theoretical ex-rights price is a

theoretical calculation only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the theoretical ex-rights price.

<b>Underwriters</b>	Bell Potter Securities Limited and Argonaut Capital Limited
<b>Underwriting Agreement</b>	the underwriting agreement between Austin and the Underwriters dated 20 July 2015
<b>US or United States</b>	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
<b>US Person</b>	The meaning given in Regulation S under the US Securities Act
<b>US Security Act</b>	The <i>United States Securities Act of 1933</i> , as amended

## **CORPORATE DIRECTORY**

### **Directors and senior management**

Mr Paul Reading – Non Executive Chairman  
Mr Buckland – Managing Director  
Mr Peter Pursey – Non Executive Director  
Mr Eugene Fung – Non Executive Director  
Mr Charles Sartain – Non Executive Director

Mr Scott Richardson – Chief Financial Officer  
and Company Secretary

### **Registered office**

173 Cobalt Street  
Carole Park QLD 4300  
Australia

Telephone: +61 7 3271 2622  
Facsimile: +61 7 3271 3689

### **Share Registry**

Advanced Share Registry Limited  
110 Stirling Highway,  
Nedlands WA 6009

### **Website**

<http://www.austineng.com.au>

### **Auditor**

BDO Audit (QLD) Pty Ltd  
Level 10, 12 Creek Street  
Brisbane QLD 4000

### **Legal advisors**

Thomson Geer  
Level 16, Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000  
Australia

### **Joint Lead Managers and Underwriters to the Entitlement Offer**

Bell Potter Securities Limited  
Level 38, Aurora Place  
88 Phillip Street  
Sydney NSW 2000

Argonaut Capital Limited  
Level 30, Allendale Square  
77 St Georges Terrace  
Perth WA 6000

## ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

Sub-Register	
HIN / SRN	
Number of Eligible Shares held as at the Record Date, 23 July 2015	
Entitlement to New Shares (on a 5 Shares for every 6 Shares held basis)	
Amount payable on full acceptance at \$0.45 per New Share:	

This Entitlement and Acceptance Form relates to a pro-rata accelerated non-renounceable offer of New Shares to Eligible Retail Shareholders of Austin Engineering Limited. As an Eligible Retail Shareholder you are entitled to acquire 5 New Shares for every 6 existing Shares held on the Record Date at an issue price of \$0.45 per New Share.

IMPORTANT: The Offer is being made under the Retail Entitlement Offer Booklet. The Retail Entitlement Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Retail Entitlement Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Retail Entitlement Offer Booklet.

### ACCELERATED NON-RENOUNCEABLE ENTITLEMENT OFFER CLOSING 5.00pm (Sydney Time) 10 August 2015.

#### To the Directors AUSTIN ENGINEERING LIMITED

I/We the above mentioned, being registered on 7.00pm (Sydney Time) on 23 July 2015 as the holder(s) of ordinary shares in your Company hereby accept the below mentioned New Shares in accordance with the enclosed Retail Offer Entitlement Booklet.

ENTITLEMENT			
(A)	(B)	(C)=(A)+(B)	Total
Number of New Shares applied for <i>(being not more than the Entitlement shown above)</i>	Number of additional New Shares applied for <i>(in excess of the entitlement shown above)</i>	Total New Shares applied for	Amount Payable (C) * \$0.45
			\$

METHOD OF ACCEPTANCE				
You can apply for New Shares and make your payment utilising either cheque/bank draft or BPAY® (further details overleaf). Please indicate which payment option you have chosen by marking the relevant box below.				
<input type="checkbox"/>	Please enter cheque or bank draft details	<b>Drawer</b>	<b>Bank</b>	<b>Branch</b>
				<b>Amount</b>
				\$
<b>OR</b>				
<input type="checkbox"/>		You can pay by BPAY®. If you choose to pay by BPAY®, you do not need to return this Entitlement and Acceptance Form. Please refer overleaf for details.		

CONTACT DETAILS	
Name:	<input type="text"/>
Telephone:	<input type="text"/>
Email:	<input type="text"/>

NOTE: Cheques should be made payable to "AUSTIN ENGINEERING LIMITED", crossed "NOT NEGOTIABLE" and forwarded to Advanced Share Registry Ltd, PO Box 1156, Nedlands, Western Australia 6909 to arrive no later than **5.00pm (Sydney Time) Monday 10 August 2015.**

**PLEASE REFER OVERLEAF FOR INSTRUCTIONS**

# AUSTIN ENGINEERING LIMITED

REGISTERED OFFICE: 173 Cobalt Street, Carole Park QLD 4300  
SHARE REGISTRY: Advanced Share Registry Ltd, 110 Stirling Highway, Nedlands, Western Australia 6009

## EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of New Shares which you are entitled to accept.
2. Your Entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. If you do not take up your Entitlement in part or in full you will not receive any value in respect of the Entitlements you do not take up.
4. The price payable on acceptance of each New Share is \$0.45.
5. Please complete the Entitlement and Acceptance Form overleaf.

## ACCEPTANCE OF RETAIL ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by Bpay@:

- you represent and warrant that you have read and understood the Retail Entitlement Offer Booklet;
- you acknowledge and agree to the matters, and make the warranties and representations, contained in the Retail Offer Booklet (including section 2.5 "Acceptance of the Retail Entitlement Offer" and section 5.7 "Privacy"); and
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Austin Engineering Limited.

## APPLICATION INSTRUCTIONS

### Payment Details

You can apply for New Shares by utilising the payment options detailed below. There is no requirement to return this Entitlement and Acceptance Form if you are paying by BPAY®. By making your payment using either BPAY® or by cheque/bank draft, you confirm that you agree to all of the terms and conditions of the Austin Engineering Limited Entitlement Offer as outlined on this Entitlement and Acceptance Form and within the accompanying Prospectus.

Your cheque/bank draft should be made payable to "**Austin Engineering Limited**" in Australian currency, crossed "**Not Negotiable**" and drawn on an Australian branch of a financial institution. Please complete cheque/bank draft details overleaf and ensure that you submit the correct amount as incorrect payments may result in your Application being rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s)/bank draft(s) to the Entitlement and Acceptance Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of New Shares you apply for, you will be taken to have applied for such lower number of New Shares as that amount will pay for, or your Application will be rejected. If the amount you pay is more than the amount payable for your full Entitlement, you will be taken to have applied for the maximum number of New Shares you are entitled to apply for. The excess money will be considered as your payment for an Application for Additional New Shares.

### Contact Details

Please enter your contact details where requested overleaf. These details will only be used in the event that the Share Registry has a query regarding this Entitlement and Acceptance Form.

### Lodgement of Application

If you are applying for New Shares and your payment is being made by BPAY®, you do not need to return this Entitlement and Acceptance Form however you are encouraged to return it to the Share Registry for reconciliation purposes – in that case you can post or send by facsimile (details below). Your payment must be received by no later than **5.00pm (Sydney Time) Monday 10 August 2015**. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY® are received by this time.

If you are paying by cheque/bank draft, your Application must be received by the Share Registry by no later than **5.00pm (Sydney Time) Monday 10 August 2015**. You should allow sufficient time for this to occur. Please return your Entitlement and Acceptance Form with cheque/bank draft attached.

Neither the Share Registry nor the Company accepts any responsibility if you lodge the Entitlement and Acceptance Form at any other address or by any other means.

### Privacy Statement

Personal information is collected on this form by the Share Registry, as registrar for the securities' issuer, for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to the Share Registry's related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by the Share Registry, or you would like to correct information that is inaccurate, incorrect or out of date, please contact the Share Registry. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by the securities' issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting the Share Registry, using the details provided on this form.

### Overseas Shareholders

The Retail Entitlement Offer to which this Entitlement and Acceptance Form relates does not constitute an offer of New Shares in any place jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. In particular, this Entitlement and Acceptance Form and the Retail Entitlement Offer Booklet may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia and New Zealand.

The distribution of this Entitlement and Acceptance Form and the Retail Entitlement Offer Booklet in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of this document outside Australia and New Zealand should seek advice on and observe any such restrictions. A failure to comply with these restrictions may constitute a violation of applicable securities laws. It is the responsibility of any applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Entitlement and Acceptance Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws and that the applicant is physically present in Australia and New Zealand.

**If you have any enquiries concerning this Entitlement and Acceptance Form, please contact the Share Registry on telephone +61 8 9389 8033 or fax +61 8 9262 3723.**

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