COMPANY ANNOUNCEMENT
August 19, 2011

FULL YEAR FINANCIAL RESULTS

Austal Limited (ASX:ASB) today announced a net profit after tax for the 2010/2011 financial year, consistent with earlier guidance, of $21.9M. This was generated from revenue of $503.9M.

Highlights

- Revenue down by 3% to $503.9M
- Net profit after tax down by 41% to $21.9M
- Order book up by 61% to $1.490 Billion
- LCS 10 ship block buy contract awarded
- LCS dependent capital expenditure programme fully funded through the Go Zone Bond long term debt raising of US$225M, completed at an interest rate of less than 1.7%pa
- Net debt *inclusive of 30 yr Gulf Opportunity Zone bonds* is $46.8M
- Net cash *excluding 30 yr Gulf Opportunity Zone bonds* is $34.1M
- Acquisition of a defence systems integration capability
- Dividend declared of 6 cents per share, fully franked (51% pay-out ratio, up from 30%)

Commenting on the results, Austal's Chief Executive Officer Andrew Bellamy said "The on-going weakness in the global economic environment had a significant impact on the result for this year, which we pre-empted in our recent advice to the market. The on-going malaise in Europe has stifled demand in a traditionally key market, the continued weakness of the US dollar has adversely impacted the translation of earnings from our US business, and the strength of the Australian currency and the increasing competition for labour has impacted our international competitiveness."

Austal's view that these macroeconomic conditions will persist for at least the next few years resulted in a review of its strategy which led to the following conclusions:

1. Proposed US defense budget cuts, whilst inevitable, are unlikely to impact Austal's current JHSV and LCS programmes as these programmes are relatively inexpensive in comparison to other US military procurement programmes

2. Demand for specific types of commercial vessels and smaller ferries remains strong and Austal is applying its considerable intellectual property towards developing products for these markets

3. Austal will regionalise its manufacturing base to enhance its international competitiveness

4. Substantial opportunities exist in the defence systems sector and Austal will leverage its existing systems capabilities to strategically broaden and grow its revenues from the sector.

5. The outlook for commercial and defence vessel service and maintenance remains strong and Austal will therefore continue to pursue contracts in this space.

Mr Bellamy noted that "The recent award of the 8 vessel Cape Class Patrol Boat Contract was an important first step in the repositioning of the Australian business as a defence focussed business. In conjunction with the JHSV and LCS contracts, Austal is now the prime contractor on 3 defence contracts globally."

Commenting on the outlook Mr Bellamy said "We believe that our strategy to regionalise commercial vessel manufacture, focus the Australian business on the defence sector and leverage our substantial US defence credentials is the right long term approach. Of the 50 vessels that the US Navy presently plans to procure from now until 2015, 17 of them will be built by Austal. This gives us an unprecedented level of visibility and predictability of our future revenue streams."

"The order book backlog of $1.49 billion is the highest ever in the Company's history. It gives us a tremendous platform for growth and allows us to reposition our Australian business for the next phase of its evolution."

END

About Austal

Austal is a global defence prime contractor. The Company designs, constructs and maintains revolutionary platforms such as the Littoral Combat Ship (LCS) and the Joint High Speed Vessel (JHSV) for the United States Navy, as well as an extensive range of patrol and auxiliary vessels for defence forces and government agencies globally. Austal also designs, installs, integrates and maintains sophisticated communications, radar and command and control systems.

Austal benefits from its position as a world leader in the design, construction and support of customised, high performance aluminium vessels for the commercial high speed ferry market, an achievement gained over a period of nearly 25 years.

Austal's primary facilities comprise a combined defence and commercial shipyard in Henderson, Western Australia and a dedicated defence shipyard in Mobile, Alabama. The Company also provides vessel support services from its facilities in Australia, the United States, Europe, the Caribbean, and the Middle East.

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