COMPANY ANNOUNCEMENT
20 DECEMBER 2012

RETAIL ENTITLEMENT OFFER COMPLETED

Austal Limited (**Austal**) (ASX:ASB) is pleased to announce that the retail component of its 9 for 10 non-renounceable entitlement offer (**Entitlement Offer**) has now closed, raising gross proceeds in excess of A$11 million. In addition, as previously announced, Allan Gray Australia Pty Ltd, Austal's largest shareholder, has committed to subscribe for part of the shortfall at the same price as under the Entitlement Offer, to raise a further approximately A$2 million. This follows the successful completion of the institutional component on 23 November 2012, which raised approximately A$65 million.

With the retail component closed, total gross proceeds raised from the Entitlement Offer will be approximately A$78 million, signalling strong support for the Company from new and existing shareholders. The Entitlement Offer was conducted to strengthen Austal's balance sheet and reduce net indebtedness to within the Board's target ratios and to allow the Company to pursue its growth strategy.

Austal Chief Executive Officer Andrew Bellamy said the funds raised from the Entitlement Offer meant the Company was in a strong position to pursue this growth strategy.

"Austal has a record order book and improving profitability, and these funds enable us to optimise our balance sheet, providing the financial flexibility to implement and capitalise on the restructure initiatives from our strategic review," Mr Bellamy said.

"Austal's financial performance is trending in the right direction, and this additional balance sheet strength gained from the capital raising and recent sale of one of our stock boats ensures we can derive sustained value from the growth platform we now have in place, particularly from our major defence vessel contracts in the US and Australia."

Mr Bellamy thanked existing and new shareholders for their support.

Shares issued pursuant to the retail Entitlement Offer are expected to be issued on Friday, 28 December 2012 and commence trading on Monday, 31 December 2012.

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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; a dedicated defence shipyard in Mobile, Alabama; and a dedicated commercial shipyard in Balamban, Philippines. The company also provides vessel support services from its facilities in Australia, the United States, Asia, Europe, the Caribbean, and the Middle East.

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Important information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The New Shares offered and sold in the Entitlement Offer have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act"), or under the securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold in the United States absent registration under the Securities Act or an exemption from registration. Accordingly, the New Shares offered and sold in the Entitlement Offer may only be offered or sold to persons in the United States pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

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Forward-looking statements

This announcement contains certain "forward-looking statements" within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may," "should," "expect," "anticipate," "estimate," "scheduled" or "continue" or the negative thereof or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. Austal does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.