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Welcome to this month's newsletter, a "View from the Bridge". Once again, it has been a busy two months with some good achievements by our teams. A number of those, both business and personal, are contained within. We also saw the Defence White Paper issued recently which details some positive changes to future Defence Capability i.e. the early replacement of the Armidale Class Patrol Boats. In terms of our performance on current contract's, this continued to improve whilst we also increased our order book again with a number of smaller contracts. In addition, our continuing drive to optimise cost base, thus increase our competitiveness and opportunity for margin growth, has seen the establishment of our new Strategic Business Unit (SBU) which integrates Henderson Shipyard Operations (HSO) with our global Service and Systems business. Overall some important happenings in terms of better positioning our business for the future. Some highlights are:

Looking Back:

- Secured contracts for ship repair & mobile accommodation build (see inside);
- Secured contract for Darwin Port Authority fixed / mobile asset maintenance;
- Extended contract for jetty space / work (OMSA);
- Undocked Ammari and completed majority of overall refit;
- Completed much Armidale Class maintenance work via our Darwin business;
- Completed acceptance and handover of Cape Class Patrol Boat (CCPB) 01;
- Completed move and commenced external painting of CCPB02;
- Significantly advanced CCPB03 and commenced build of CCPB04;
- Completed CCPB 1st & 2nd crew at sea three month training activity;
- Completed a number of readiness activities for sea trials of Hull 270;
- Completed Apprentice graduation dinner and celebration;
- Completed much of the Service & Systems business consolidation / integration;
- Continued with our LTI free days to over 90 days at the time of writing;
- And continued to increase our focus on Safety, Health & Environment through over 500 training places arranged for safety at heights, confined spaces etc.

Well done to all the teams involved in the above and indeed the many other

achievements over the past couple of months.

Looking Forward:

- Continue CCPB01 Operational, Test & Evaluation;
- Finish CCPB02 external painting;
- Advance CCPB02, 03 & 04 construction;
- Finish Ammari refit, sea trials and handover;
- Continue to support our Philippines and USA business through hull designs and switchboard builds;
- Finalise Service & Systems business consolidation / integration;
- Complete and implement budgets for FY13/14;
- Continue to review & implement sustainable cost optimisation opportunities across our SBU;
- And continue to increase our focus on SHE across our SBU. Remember, please stay vigilant and take ongoing responsibility to look after yourselves and mates as we go about our daily work.

In summary, lots of good achievements, but there remains many more things to do. So thank you to everyone who has contributed much over the past two months.

Finally, it is with deep regret that we recently heard of Grant Bond's (Bondy) passing following a hang-gliding accident. Our sincere condolences go out to Grant's family. Bondy, a keen hang-glider and renowned fisherman, was a valued Austal team member with over 10 years of total service in the HSO Fitout team. He is, and will continue to be, dearly missed by many of his friends and colleagues.

In this time of sorrow, please remember Austal's Employee Assistance Program (EAP) is available for any employee should it be needed.

- Graham



Graham Backhouse
President and General Manager

What's Happening - Henderson Shipyard Operations

Increasing Production Efficiency

Production for the follow-on Cape Class Patrol Boats (CCPB) is progressing well with CCPB02 now in Construction Hall No 5 for final painting, outfitting and main equipment installation. CCPB03 is also progressing well, with CCPB04 starting its early production also. It is great to see many lessons learned from CCPB01 being applied to the production process for these vessels as the teams continue to drive cost base optimisation across our operations. This focus is also enabling us to increase our quality from the high standard we set on CCPB01. With a similar drive across other aspects of our production portfolio in Henderson, the electrical workshop continues to deliver switchboards for our Philippines and USA shipyards with the shipment for the sixth Joint High Speed Vessel (JHSV) recently completed.

As part of the drive for cost base optimisation, the teams continue to look for ways to make our production methods safer and more efficient. Recent examples are the new CNC router in the fitout workshop and the weld positioner to be used in the pipe spool shop. That said, we continue to look for other ideas, so please if anyone has an idea for improvement please raise them with your supervisor.

News from CCPB01 - On her Journey approx. 1000 km North of Fremantle, WA
CCPB01, Cape St George, recently made her first substantial voyage north

and we received the following written feedback from the Customer. "The ship performed beautifully with the sea keeping impressing all of the crew, particularly those who have migrated from the Bay Class." They also noted the performance and excellence of the bridge. From the crew's perspective Cape St George is a "wonderful ship and a credit to all those who have worked towards where we are today."

Whilst this is early in the vessel life, this is a great endorsement for the quality of the vessel design and construction. Well done to all involved.

Richard Liley - Henderson Production Manager





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Service Recognition

20 Year Chairman's Club Dinner

John and Denise Rothwell hosted the 20 Year Chairman's Club Dinner at Matilda Bay Restaurant on Friday 19th of April to show appreciation for 20 year's service (up and coming included) to Austal for Kevin O'Kelly, Frank McKenzie, Peter Heuvink, and Yong Chen, and their respective partners.



20 Years

Yong Cheng Design

10 Years

Daniel Whitehouse Electrical

Sally Bell Procurement

5 Years

Melvin Aguirre Engineering

Amanda Smith Sustainability

Shane Ogilvie Finance

Matthew Demaine Electrical

David Wadsworth Fabrication

Joseph Paran Fabrication

Ibara Narsico Fabrication



What's Happening - Henderson Shipyard Operations

Narrogin Senior High School

On the 11th of April, as part of our engagement with local and regional communities, especially the young people, a selection of Narrogin Senior High School Physics and Chemistry students visited our Henderson Shipyard for a tour of various workshops and ships. Joined by their teacher John Johnson, the group were amazed by what they saw and were very appreciative of the opportunity to take a look at our extensive capabilities in Southern Australia. Noting the regional landscape they are used to seeing (farm equipment and paddocks full of sheep), there were many questions asked and some wide eyes during the tour. Being an ex-student of Narrogin High School I could relate well to the amazement the students showed on their faces. The group

behaved well and were a pleasure to show around our site.

Phil Growden - Henderson Site Services Manager



CCPB02 Makes a Move

To continue our drive to optimise cost base efficiencies across our operation and the paint quality throughout the rest of the CCPB program, the Henderson Site Services Team were asked to move CCPB02 (Cape Byron) from Construction Hall No 4 south side to Construction Hall No 5 north side. Although this sounds reasonably easy, the team had a few challenges to overcome. The process involved jacking and skating the vessel to ensure it was in the right position not just for the move itself but also for the ongoing construction, painting and outfitting once positioned in Hall No 5. This required over 36 individual processes taking place to complete the task with the lowest risk. It is very heavy and risky work that requires a great deal of planning and patience. Mick Carey and his team did a great job in difficult and sometimes challenging situations. Their ability to overcome challenges on the run enabled the move to be completed safely and accurately. This was a first time operation for the team and together with some assistance from Jeremy

Griffiths, the team were able to reposition the vessel within millimetres of its previous baseline hall height. A great effort that will drive good efficiencies across our operation. Well done to all the staff involved in this process.

Phil Growden - Henderson Site Services Manager



CCPB01 - First Crew Training

On Thursday 16th May some of our CCPB Integrated Support Services (ISS) team (Alan Barry & Mark Oswald) had the pleasure of awarding the first CCPB crew their training certificates to signify completion of their Operation, familiarisation and maintenance training for CCPB01, Cape St George. After conducting a period of three months training with the likes of Caterpillar (Melbourne), Austal Systems / CEA (Canberra) & Austal Henderson / Cummins (Perth), the crew proudly received their certificates before setting sail on their first unaccompanied voyage some 1000 km's north of Fremantle as part of the five month Operational, Test and Evaluation (OT&E) phase. This extensive training program was also repeated for the second CCPB crew during alternate crew swings over a similar period. Certificates will be presented to that crew at the next crew changeover in June 2013.



Hannah Type - HR Advisor



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Recognition and Reward Winners

Recognising and rewarding one-time achievements by individuals that have a notable impact on a program, to a project, or individual activity that contributes to the vision of Austal.

Congratulations to the following recent "Worker of the Week" recipients.

- 01/04 - Steve Jones
- 08/04 - Byron Walpole
- 15/04 - Alan Barry
- 29/04 - Melvin Aguirre
- 06/05 - Francis Ulep
- 13/05 - John Aldea
- 13/05 - Darwin Copas
- 20/05 - Danny Street
- 27/05 - Matt Wise

HR INTEGRATION

You may have noticed a few new faces in the HR department in the last month. We have been joined by Jade who has taken over the apprentice portfolio from Tracy who had gone on maternity leave. She will be concentrating on the apprentices but also assisting with recruitment and general day to day duties. Candice has also joined the team in a short term capacity. She will be assisting the team with the large recruitment ramp up for the next few months.

Hannah has also joined the HSO HR team. She will be focusing on recruitment along with all generalist HR duties.

What's Happening - Austal Service Southern Australia

Whale Song Overhauled

Austal Service Southern Australia was pleased to provide much needed support to Whale Song and her crew last month. Whale Song is a research vessel operated by Emerald Sea Surveys and is predominantly involved with important research associated with the whale population around the entire coast of Australia. Renowned for her extremely stealthy noise profile, Whale Song makes for a perfect vessel to listen for the haunting sounds of the whales around our coastline.

Whale Song was docked via our shiplift and moved into Construction Hall No 5 for removal and repainting of her anti-foul and some other repairs expertly and efficiently carried out by the team. Following completion, Whale Song returned to our waters to continue her important research.

Curt Jenner, Skipper and Director was most pleased to inform me of an increasing observed population of Blue Whales around our coastline!

Austal Service Southern Australia wishes Whale Song and her crew the very best of luck with her important research and hopes to see her again in 12 months for her next scheduled

docking.

At the same time this was happening, it was also an important month for the team as we consolidated our operations with the wider Henderson Shipyard Operations such to optimise our cost base thus maximise our margin growth and indeed our reach back service capabilities to all our Customers.

Andrew Dean
Regional Service Manager - Southern Australia.



Continued Diversification — Mobile Accommodation

Austal Service Southern Australia is pleased to commence a contract to manufacture four mobile accommodation trailers. As part of our continued drive to optimise our cost base thus maximise margin growth, this contract represents a continuing diversification for our team into the manufacturing of this type of accommodation, whilst building on our previous experience of manufacturing a number of multi-complexed offices for Dredge International.

With a project timeline of only three weeks from contract to delivery the team which includes its partner, Rapid Field Deployment (RFD), who also have previous experience in the manufacture of this particular type of accommodation, began at pace. The accommodation consists of two trailers with five berths each, one trailer with three berths and ablutions and one trailer fitted out with full kitchen and dining facilities. This type of accommodation is most suitable for remote on site construction teams, drill and exploration teams and military teams who have a requirement to operate in remote areas.

By working with RFD, Austal Service Southern Australia will continue its drive to manufacture and deliver more mobile accommodation units into the future.

In the meantime, our team looks forward to delivering the current contract on schedule in June 2013.

Andrew Dean
Regional Service Manager - Southern Australia.





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HR SNAPSHOT

Current Opportunities

Henderson Shipyard Operation (HSO) is on a significant recruitment drive with some 120 vacancies to fill in the following categories

- Aluminum Fabricators (HSO)
- Fitout Apprentices (HSO)
- Marine Fitter Apprentices (HSO)
- Ladders (HSO)
- Fitout Trades Assistants (HSO)
- Cabinet Makers/Carpenters (HSO)
- Electricians (HSO)
- Pipefitters (HSO)
- Sustainment Manager (HSO)
- Configuration Manager (HSO)
- Data & Document Control (HSO)
- Contracts Administrator (HSO)

Employee Referral Program

A payment of \$500 (inc tax) is up for grabs, when you refer a friend to apply for one of our current job vacancies. Here's the catch.....

Your friend must be successful in obtaining employment with Austal. Once they have completed 6 months service, you'll be paid \$500 - it's that easy !!

To score the \$500 you must write your name and department on your friend's original application form.

*Conditions Apply

(speak to HR for further details)

Freo Doctor Lottery

All WA Austal staff can participate in the Freo Doctor Lottery. It is a fundraiser for the Fremantle Hospital Medical Research Foundation, which undertakes vital research into illnesses and injuries.

How do I Play?

To be in the draw to win the weekly prize pool costs \$2, this amount gets deducted from your pay. You can buy as many chances to win as you like. To sign up, contact Ernie MacLachlan in Payroll on ext. 6886 or ernie.maclachlan@austal.com

What's Happening - Austal Service Northern Australia

Integration and Positioning for the Future

The past six months have been interesting for Austal Service Northern Australia, with the integration of the three businesses into one single operation, while managing the growth in Defence and Oil & Gas sectors. Today, our business is well positioned to take advantage of the economic boom on our doorstep.

Austal Service Northern Australia has become a leading engineering, hydraulics, fabrication and electrical provider in the Northern Territory, focused on the Defence and Oil & Gas sectors. Our ISO accredited base facility is located in the Darwin Port Precinct and is staffed with highly motivated and skilled employees. Following the October 2012 acquisition of Darwin based firms Hydraulink NT and KM Engineering, we have continued to build upon Austal's global reputation as a leading stockist, supplier and maintainer of integrated marine solutions. We provide full turn-key solutions and support services to Northern Australia and Southern Asia regions from our base in Darwin. Scope covers Defence, Oil & Gas, Mining and the new \$34b INPEX Darwin LNG plant.

Our defence team continues to provide a high level of quality service and support to the Armidale Class Patrol Boats (ACPB) and DMS Maritime on a 24/7 basis. This team continues to grow in skill, capacity and personnel as the relationship

between Austal and DMS continues to evolve. All in time to provide a full suite of support services to the new CCPBs operating across the top end of Australia and beyond.

Expanding our customer base, Austal and Darwin Port Authority have also teamed up recently to design and develop a new maintenance schedule for all Port Authority fixed and mobile assets. While our team is maintaining these assets on the Port facility it will also allow our teams to service Oil & Gas support vessels when along side collecting cargo for the northern gas fields off the coast. Our workshop team continues to build relationships with Tier 1 & 2 contractors preparing to undertake work on the Darwin INPEX LNG project. Our team also continues to work closely with BamClough, Boskalis, Hall Contracting, Van Ord, Franki Pile, Piling Contractors, Coates Hire, Svitzer and Stena Drilling.

Stuart Kenny

General Manager - Northern Australia



What's Happening - Austal Systems Canberra

Providing our Customers Capability through Innovation

Austal Systems Canberra is busy on several product lines. The main effort for our software engineers is developing, delivering and integrating the IMARCS/ORION Integrated Maritime Coordination and Surveillance System on the Cape Class Patrol Boats (CCPB). This innovative system, developed by our in-house team is a new generation maritime situational awareness system aimed at the maritime border protection and patrol boat market.

tional through regular maintenance and spare parts sales including Kelvin Hughes radar systems on ANZAC Class frigates, Collins Class submarines, Minehunters and Survey vessels. In addition they support the Forward Looking Infra-Red (FLIR) system on RAN's Seahawk helicopters and emergency radio beacons on the RAN's Collins Class submarines.



Austal Systems Canberra office has several visitors' offices, a board room and full access to the Corporate IT systems which are available to all Austal staff when they have meetings in Canberra or on the East Coast. Please drop in.

Hope this update is useful and look forward to seeing any of our Australian Operations colleagues over our way soon.

Ben White - Regional Service Manager (Systems)



Moving to the electronics technicians in our Canberra support centre, they continue to be busy on keeping some of the Royal Australian Navy's (RAN) mission critical systems opera-



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SAFETY, HEALTH & ENVIRONMENT

CONGRATULATIONS! - Up to time of writing, it is 37 days since our last medically treated incident at HSO and 92, yes 92 days since our last recorded Lost Time incident... Well done!

Perhaps this is an opportune moment to remind everyone that recording incidents is key. No matter how minor, as soon as possible after the event, and certainly before the end of the shift. Even first aid injuries must be reported and recorded. There are several reasons for this, not the least of which is to ensure that the correct treatment is administered and that it is "in the book". There have been cases when people have not reported incidents prior to leaving work for the day and then later gone to get independent medical treatment. Austal now collects statistics surrounding all incidents to enable us to track trends. In this way we are able to make changes to procedures, PPE, design or methodology in order to minimise exposure to hazards as far as possible.

Our goal is Zero harm, help us to help you, by continuing to report all incidents

Investing in Our Future

If you feel you need any particular training, please see your supervisor. Some of the courses we conduct on site are Nationally recognised with a ticket issued by IFAP (Industrial Foundation for Accident Prevention) and some are site specific. By now I think everyone will have realised that there has been a significant rejuvenation recently of our HSO Safety Leadership Team and our safety skills gap analysis and training regime. Over the last 3 months, and into the next six or seven months, over 60 courses have or will be conducted. That's over 500 training places providing new or renewed skill sets for our workforce covering everything from working in confined spaces to working safely at heights. During the next few weeks we will also be starting the reintroduction of safety videos and so your supervisors are working quietly in the background as this goes to press formulating a roster.

As previously stated, we are on a roll with our excellent safety record, lets keep it going...saves me a lot of paperwork!

Iaian Wallace - SHE Advisor

What's Happening - Austal Service Middle East

Continuing to Provide First Class Service to our Customers

From our main base in Muscat (Oman), with additional operations in Shinas and Khasab, Austal Service Middle East is the region's leading provider of service, support and maintenance for aluminum high-speed craft and marine systems.

The Middle East operation (team below) specialises in scheduled and unscheduled service work, dry dock manage-

ment, heavy equipment exchange, engine overhauls, hull damage repair, hydraulic system overhaul, electrical system modifications, electronic systems (Marine Link) service, trouble shooting and general maritime consultancy.

Recent work includes fitting a complete system on board Austal designed and built vessels 263, 264, Haras 1 and Haras 2 for communications as shown

below. This work included consultancy, fabrication and welding, cable laying, securing and commissioning.

Pictured below is the Alternator exchange onboard ROPCG Boat, Haras 2.

Fahmi Abuznait
Regional Service Manager - Middle East



What's Happening - Austal Service Americas

Key Contracts continue to Provide Base for Growth

From our main base in Trinidad and Tobago, with additional operations in Guadalupe (Mexico), Austal Service Americas is building on its current border protection vessel sustainment contracts with the Trinidad Coast Guard Fast Patrol Craft, to diversify into growing its work in the commercial space. In doing so, the whole region represents some very interesting opportunities for Austal. Over this year the team have gained a lot of work on vessels operating in the oil and gas industry. This work is anticipated to increase on a number

of vessels in this market sector over the next year. Our clients have indicated they will be expanding their local fleets and Austal is best placed to service and repair these vessels.

They also often praise Austal for the quality of workmanship. Below are a couple of pictures of the team and the products we've built for one Oil and Gas client.

Of recent times, we have been working with our customer, the Trinidad Coast

Guard, on some of the challenges with the fleet of Fast Patrol Crafts. This work, with a big effort from the Austal team, was key to be able to demonstrate the vessels full capabilities in recent high profile offshore exercises with other international navies.

The whole Americas region has a lot of opportunity, with the economies of these countries growing rapidly and new commercial business coming into the region and their navies procuring.

Jason Steward
Regional Manager - Americas





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Workplace Gender Equality Report

The 2013 Workplace Gender Equality Report for Austal has been completed and submitted by Amanda Smith from Sustainability as per legislative requirements.

The aim of the report is to promote and improve gender equality in the workplace, and to improve the productivity and competitiveness of Australian business through the advancement of gender equality.

Please contact Amanda by email if you would like a copy of this report.

Email: amanda.smith@austal.com

Apprentice Graduation Dinner

I had the pleasure of hosting the Apprentice Graduation Dinner this year.

The dinner was to celebrate the apprentices successfully completing their Apprenticeship and was attended by those who had graduated during the course of the year. The relevant Department Managers were also there to share the evening.

It was decided to have a more personal approach this year and the dinner was held at Char-Char Bull in Fremantle. Although not to the glitz and glamour of past events I believe this night was one of the more memorable, I was expecting to have dinner with a group of young Apprentices that during the course of the year had completed their Apprenticeships. The reality was I was sharing the evening with a talented and mature group of individuals and their partners. It was a memorable evening for my wife and I, and I would really like to thank all those that attended and wish you well for the future.

Dave Mearns - Philippines Production Manager



"Bondy"

Grant Robert Bond

You were a supportive and valued workmate.

You will be sadly missed with your Quirkiness & Sense of Humour.

Deepest sympathy to Grant's family

Bondy, Forever the Adventurer

Austal HSO Fitout Team

Austal Giving

With agreement from Austal and Australian Customs and Border Protection (ACPB), and continuing our charitable relationship with Anglicare, a day on-board during sea trials of the second Cape Class Patrol Boat (CCPB) vessel was recently auctioned at the Anglicare Annual Op Shop Ball. The item was sold for \$2,900 which is fantastic and added to a total of \$375,000 which was raised on the night, making it a great success.

Thanks and regards

Kevin O'Kelly - Engineering Manager



Quality Management System

In July there will be a regular external Quality audit of the business by our ISO accreditors; this is, as always, a good time to reflect and measure ourselves to see if we have met the requirements of the Quality manual, policy and objectives. (i.e. that our Quality Management System provides a framework and evidence that we have done what we said we would do to ensure we achieve a quality product).

The Quality of the workmanship in the build phase of CCPB has been praised by the Customer and the crew, this provides evidence that our processes must work. The challenge when trying to maintain ISO accreditation, which is fundamental for Austal's business, is to provide evidence that the processes are supported by a well maintained and relevant document system.

You can think about the QMS as a "wedge" which provides a reference or back up point from which we can measure if our Quality starts to slip. All users of the QMS should regularly check if the Quality documents in AMOS for their team are current and show how to achieve Quality each time.

Stephen Marwood - Quality Assurance Coordinator

