

## ASX ANNOUNCEMENT

17 January 2011

### Sale of Coote Logistics Business

Key points:

- Binding agreement executed to sell Coote Logistics business
- Another step in the process of refocusing on key strengths and capabilities
- Transaction will deliver a profit on sale for Engenco and will have a positive impact on future Group earnings
- Sale proceeds to be applied towards debt reduction

Engenco Limited ('Engenco') (ASX: EGN), is pleased to announce that it has entered into a binding agreement to sell its Coote Logistics business to holding company of Stevenson Logistics, Keyhole Enterprises Pty Ltd ('Keyhole Enterprises').

The sale consideration is a minimum of \$3 million for fixed assets and goodwill plus adjustments for debtors, work in progress and stock less certain liabilities and debts.

The poor performance of the Coote Logistics business was highlighted at the Company's 2010 Annual General Meeting and various strategies have been considered to address the ongoing underperformance with a sale of the business being determined as the best course of action for Engenco.

Managing Director of Engenco, Vince De Santis, said that "Coote Logistics on its own lacks sufficient scale to be a meaningful and profitable operator. The sale of Coote Logistics is another step in the Group's ongoing efforts to focus on its key strengths and capabilities and pursue the many opportunities available in our core business operations."

Stevenson Logistics have completed their due diligence and upon the expected satisfaction of conditions precedent, the transaction is scheduled to be settled within the next week.

Under the terms of the sale, Engenco will sell all of the issued share capital of subsidiary FCD Container Logistics Pty Ltd ('FCD') which trades as Coote Logistics, together with all of the issued units of The Fremantle Container Depot (1996) Unit Trust to Keyhole Enterprises Pty Ltd.

On completion the sale consideration will be reduced by the amount of asset finance debts assumed by Keyhole Enterprises. The sale also includes the provision of vendor finance

which will be secured over the assets and undertaking of FCD with the final payment due to be made within 12 months following completion.

The net sale proceeds will be wholly applied towards reducing Engenco's bank debt.

The sale will deliver a gain on disposal for Engenco and with Coote Logistics incurring ongoing operational losses in FY11 to date, the transaction is expected to have a positive impact on overall Group earnings going forward.

#### **About Stevenson Logistics**

Stevenson Logistics, wholly owned by Keyhole Enterprises, are a Perth based second generation family owned transportation business providing trucking, quarantine inspection and fumigation, import and export marine container handling and other cargo transport logistics services in or about Perth, regional Western Australia and the Port of Fremantle.

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