Engenco

ASX ANNOUNCEMENT

10 February 2011

Investor Presentation

Engenco Limited (Company) refers to its announcement dated 9 February 2011 and now attaches a copy of the investor presentation which will be sent to those institutions from which the Company proposes to obtain commitments to participate in the proposed placement.

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Capital Raising

February 2011

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All dollar values are in Australian dollars (A$) unless otherwise stated.

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Overview

Equity Offer	▪ Engenco is proposing to undertake an underwritten equity capital raising of \$85.2m – Placement to raise \$9.6m – Conditional Placement (subject to shareholder approval) to raise \$10.2m – Non Renounceable Entitlement Offer to raise \$65.4m ▪ RBS Morgans Corporate Limited is the proposed Lead Manager and Underwriter to the equity raising
Use of Proceeds	▪ Repay bank debt – \$34.8m ▪ Funding of rolling stock for lease – \$16.9m ▪ Payment of tax liabilities – \$5.9m ▪ Working capital to fund growth opportunities – \$23.8m ▪ Costs of the issue – \$3.8m
What does this mean for Engenco?	▪ Significantly improves financial flexibility and achieves a sustainable capital structure – net debt reduced from \$97.2m to \$38.6m, reducing gearing (net debt / net debt + equity) from 50.9% to 18.1%[1] ▪ Engenco much better positioned to take advantage of organic growth initiatives
Trading update	▪ Business returns to profitability ▪ New management achieves significant milestones in the turnaround of the business ▪ EBITDA for FY2011 first half of \$11.7m, EBIT of \$6.0m and NPAT of \$0.2m[2] ▪ Directors earnings guidance for FY2011 full year are for EBITDA of \$29.7m, EBIT of \$17.6m and NPAT of \$5.5m[3] ▪ Final (reviewed) half year results to be released shortly

(1) Assumes the issue of 709.7m shares at \$0.12 per share to raise \$85.2m

(2) Based on management accounts for the half year ended 31 December 2010.

(3) Based on management accounts for the half year ended 31 December 2010 and management earnings guidance to 30 June 2011

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Overview of Proposed Placement

Placement offer size	▪ $9.6m Institutional Placement, proposed to be fully underwritten – 79.9m shares – 15.0% of issued capital
Offer price	▪ Fixed offer price of $0.12 per share ▪ 36.8% discount to last traded price of $0.19 on 8 February 2011
Timing[(1)]	▪ Placement book opens – 9am (Syd time), Thursday 10 February 2011 ▪ Placement book closes – 3pm (Syd time), Friday 11 February 2011 ▪ Settlement and allotment of placement shares – Friday 18 February 2011 ▪ Placement shares commence trading – Monday 21 February 2011
Eligibility for Entitlement Issue	▪ Shares issued pursuant to the Placement will be eligible to participate in Engenco's proposed Entitlement Issue

[(1)] All dates are indicative and subject to change

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Overview of Proposed Conditional Placement

Conditional Placement offer size	▪ $10.2m Institutional Placement, proposed to be fully underwritten – 85.0m shares – 16.0% of issued capital
Offer price	▪ Same price as Placement and Entitlement Issue, being offer price of $0.12 per share ▪ 36.8% discount to last traded price of $0.19 on 8 February 2011
Timing(1)	▪ Conditional Placement book opens – 9am (Syd time), Thursday 10 February 2011 ▪ Conditional Placement book closes – 3pm (Syd time), Friday 11 February 2011 ▪ Despatch Notice of EGM and Explanatory Memorandum – Tuesday 22 February 2011 ▪ EGM to approve Conditional Placement – Monday 28 March 2011 ▪ Settlement and allotment of Conditional Placement shares – Tuesday 29 March 2011 ▪ Conditional Placement shares commence trading – Wednesday 30 March 2011
Eligibility for Entitlement Issue	▪ Shares issued pursuant to the Conditional Placement will be not be eligible to participate in Engenco's Entitlement Issue

(1) All dates are indicative and subject to change

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Proposed Entitlement Issue

Entitlement offer size	▪ 8 for 9 Non Renounceable Entitlement Issue to raise \$65.4m, proposed to be fully underwritten – 544.7m shares
Offer price	▪ Same price as the Placement and Conditional Placement, being \$0.12 per share ▪ 36.8% discount to last traded price of \$0.19 on 8 February 2011 ▪ 20.0% discount to Theoretical Ex Rights Price of \$0.15[1]
Timing(2)	▪ Shares commence trading ex entitlement – Thursday 17 February 2011 ▪ Record date for determining entitlement – Wednesday 23 February 2011 ▪ Entitlement Issue opens – Thursday 24 February 2011 ▪ Entitlement Issue closes – Friday 11 March 2011 ▪ Entitlement Issue shares start trading on a deferred settlement basis – Tuesday 15 March 2011 ▪ Allotment of Entitlement Issue shares – Tuesday 22 March 2011 ▪ Normal trading of Entitlement Issue shares commences – Wednesday 23 March 2011
Support of Elph	▪ Elph, Engenco's largest shareholder, will commit to take up its full entitlement of \$25.2m ▪ Post the equity raising, Elph Pty Ltd's shareholding will be 35.9%[3]

(1) Theoretical Ex-Rights Price is the theoretical price at which Engenco shares should trade immediately after the ex-date for the Entitlement Issue and includes the new shares to be issued under the Placement and the Conditional Placement.

(2) All dates are indicative and subject to change

(3) Assumes the issue of 709.7m shares at \$0.12 per share to raise \$85.2m

Use of proceeds

Use of proceeds	A$m	Description
Repay bank debt	**$34.8m**	▪ CBA Group lending facility permanently reduced by $10.0m and CBA debt facility reduced by $15.0m ▪ A further $9.8m will be applied against CBA revolving credit facility ▪ Engenco is in advanced discussions with CBA and Directors have a high degree of confidence of reaching agreement on terms for requisite banking facilities
Funding of rolling stock	**$16.9m**	▪ Funding of IMX rolling stock ▪ Adds 194 wagons to Greentrains leasing fleet
Payment of tax liabilities	**$5.9m**	▪ Payment of tax liabilities
Working capital to fund growth opportunities	**$23.8m**	▪ Financial flexibility to pursue new contracts ▪ Fund organic growth opportunities ▪ Support expansion of rail maintenance presence on Eastern seaboard
Issue costs	**$3.8m**	▪ Underwriting, accounting, legal and other miscellaneous costs associated with the equity raising
Total	**$85.2m**	

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Indicative Timetable[1]

Timetable	
Trading Halt and Bookbuild undertaken	Tuesday 8 February – Friday 11 February 2011
Capital raising announced to ASX and Engenco shares recommence trading	Monday 14 February 2011
Shares commence trading ex entitlement	Thursday 17 February 2011
Settlement and allotment of Placement	Friday 18 February 2011
Placement shares commence trading	Monday 21 February 2011
Notice of EGM and Explanatory Memorandum despatched to shareholders	Tuesday 22 February 2011
Record Date for determining entitlement to Entitlement Issue	Wednesday 23 February 2011
Entitlement Issue opens	Thursday 24 February 2011
Entitlement Issue closes	Friday 11 March 2011
Entitlement Issue shares commence trading on a deferred settlement basis	Tuesday 15 March 2011
ASX notified of under-subscriptions	Thursday 17 March 2011
Allotment of Entitlement Issue shares and despatch of shareholder statements	Tuesday 22 March 2011
Normal trading of Entitlement Issue shares commences	Wednesday 23 March 2011
Extraordinary General Meeting to approve Conditional Placement	Monday 28 March 2011
Settlement and allotment of Conditional Placement	Tuesday 29 March 2011
Conditional Placement shares commence trading	Wednesday 30 March 2011

(1) Dates and times subject to change.

Financial impact of the capital raising

Balance Sheet as at A$ms	31 Dec 2010[1]	Adjustments	Pro Forma[2]
CURRENT ASSETS			
Cash & cash equivalents	2.1	23.8	25.9
Inventories and receivables	88.4		88.4
Other current assets	4.2		4.2
	94.8	**23.8**	**118.6**
NON CURRENT ASSETS			
Inventories and receivables	6.6		6.6
Financial assets	0.2		0.2
Property, plant & equipment	81.7	16.9	98.6
Intangible assets	51.5		51.5
Other non-current assets	5.9		5.9
	145.9	**16.9**	**162.7**
TOTAL ASSETS	**240.7**	**40.7**	**281.4**
CURRENT LIABILITIES			
Trade & other payables	28.1	(5.9)	22.2
Financial liabilities	71.1	(34.8)	36.3
Other current liabilities	13.6		13.6
	112.8	**(40.7)**	**72.1**
NON CURRENT LIABILITIES			
Financial liabilities	28.3		28.3
Other long term liabilities	5.8		5.8
	34.1		**34.1**
TOTAL LIABILITIES	**146.9**	**(40.7)**	**106.2**
EQUITY	**93.8**	**81.4**	**175.2**
Net debt	**97.2**	**(58.6)**	**38.6**
Net debt / net debt + equity	**50.9%**		**18.1%**

(1) Based on management accounts

(2) Assumes issue of 709.7m shares at $0.12 to raise $85.2m

- Net debt reduced from $97.2m to $38.6m
- Gearing reduced from 50.9% to 18.1%
- Sustainable capital structure achieved with the capacity to fund organic growth

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Debt Facilities

Repayment

- At completion of the capital raising:
  - CBA revolving facility limit will be permanently reduced by $10.0m;
  - CBA loans and HPs will reduce by $15.0m from $63.8m to $48.8m; and
  - A further $9.8m to be applied to revolving credit facility.

Maturity Profile

- Of the $48.8m CBA debt outstanding:
  - approximately $23.2m will mature 28 February 2011; and
  - approximately $25.6m relating to debt in Greentrains will mature July 2012.
- Bank and other facilities other than CBA include Nordea Bank $6m, HP facility $5m and Elph Pty Ltd $5m.

Looking Forward

- Discussions with CBA are well progressed and based on these, the Directors have a high degree of confidence that agreement will be reached with the CBA regarding banking facilities.
- Discussions are also continuing with other potential financiers regarding re-financing Greentrains debt facilities and providing for the expected future growth of that business.

Investment Highlights

Gemco has strong future growth prospects

- Australian rail freight business is growing strongly
- Ageing Australian rolling stock fleet requiring overhauls and replacement
- Resource industry driving high demand for rail products and services
- Multiple infrastructure projects – planned (State upgrades) and unplanned (QLD floods and cyclones)

Drivetrain Power and Propulsion performing well

- Drivetrain services the large diesel engine market
- This market is growing strongly in line with the Defence and Resources industries
- Drivetrain to capitalise on opportunities through sales and follow maintenance, repair, overhaul and efficiency enhancements

Sustainable capital structure finally achieved

- Net debt reduced from \$97.2m to \$38.6m[1]
- Gearing (net debt / net debt + equity) reduced from 50.9% to 18.1%[1]
- Engenco is in advanced discussions with CBA and Directors have a high degree of confidence of reaching agreement on terms for an extension of current banking facilities

Plans to drive operational efficiencies and cost reductions to drive future profitability

- Rationalisation of site locations
- Consolidated management and administration functions
- Roll out of SAP across all business units
- Group procurement function to lower supply purchase costs
- ROI and ROC criteria and associated accountability placed on business unit managers
- Unprofitable or marginal legacy contracts rolling off and loss making US business to be discontinued

(1) Assumes the issue of 709.7m shares at \$0.12 per share to raise \$85.2m

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Consolidated Group Financials

The summary financial information contained within this section is based on:

- Management accounts for the half year ended 31 December 2010; and
- Directors guidance for the full year ended 30 June 2011.

Directors guidance for FY2011 provides for a net profit after tax of between \$4.5m and \$7.0m. The guidance presented in this document illustrates a “base case” or mid-point of the guidance range.

Engenco expects its Auditor’s Review of the half year results for the period ended 31 December 2010 will be completed and lodged with ASX prior to the company resuming trading on the ASX.

All of the financial information contained in this presentation has been rounded to one decimal place. Accordingly, any discrepancies between totals and sums of components contained in this presentation are due to rounding.

Financial Highlights

- ✓ Business returns to profitability for 1H FY2011
- ✓ Robust growth in revenues and profitability guidance for the full year ending 30 June 2011
- ✓ All loss making and non-core businesses divested or to be discontinued by 30 June 2011
- ✓ Significant margin improvement expected in 2H FY2011
- ✓ Full impact of efforts on cost reduction and margin improvement expected beyond the guidance period
- ✓ Directors consider the business well positioned to benefit from favourable industry dynamics and outlook

Consolidated Financial Performance

	Actual FY2010 $m	Guidance FY2011 (1,2,3) $m	Actual 1H FY2011(2,3) $m	Guidance 2H FY2011(1) $m
Revenue	188.7	220.1	112.7	107.4
EBITDA	(17.1)	29.7	11.7	18.0
EBITDA margin	*N/A*	*13.5%*	*10.4%*	*16.8%*
D&A	(68.8)	(12.1)	(5.7)	(6.5)
EBIT	(85.9)	17.6	6.0	11.6
EBIT margin	*N/A*	*8.0%*	*5.3%*	*10.8%*
Net interest expense	(15.6)	(8.7)	(5.1)	(3.6)
Profit before tax	(101.5)	8.9	0.9	8.0
Tax	(5.3)	(3.1)	(0.7)	(2.4)
Net profit after tax	(106.8)	5.8*	0.2	5.5

* Guidance for FY2011 is within the range of $4.5m to $7.0m. The guidance provided in the table illustrates a mid point case.

Two material factors influencing the actual net profit after tax result being at the lower or high end of this range are (i) completion of a significant contracted parts order by Drivetrain which is scheduled for delivery to the customer in late FY2011 and (ii) uncontracted rail wagon fabrication works by Gemco which are expected during the final quarter of FY2011.

- 2H FY2011 revenues down from 1H FY2011 due to sale of Coote Logistics
- Business returns to profitability for 1H FY2011 and reasonable growth expected in 2H FY2011
- 2H FY2011 result adversely impacted by loss making Coote Logistics and US business (to be discontinued by year end 30 June 2011)
- Full impact of efforts to reduce business / operational risk and costs not expected until FY2012

(1) Directors guidance for the full year ended June 2011

(2) Management accounts for the half year ended 31 December 2010

(3) Excludes adjustment for Greentrains non-controlling interest and excludes discontinued operations with the exception of FCD which is included in FY2011 guidance.

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Key assumptions – Directors guidance

- Sale of IMX wagons to Elph Pty Ltd is cancelled and sold to Greentrains ($16.9m). Revenue and profit from this sale from Gemco is eliminated on consolidation
- 2H FY2011 includes reduction of $1.2m interest expense resulting from equity raising proceeds
- Successful completion of current capital raising
- No significant adverse changes to current economic conditions
- Realisation of major contract assumptions are implicit in the guidance
- No material adverse movement in foreign currency exchange rates
- No material deterioration in performance of business units in respect of the revenue and margin
- No significant bad debts
- Refer to the risk factors identified in the appendix for factors which may impact financial performance

Consolidated Cashflow Statement

A$ms	Actual FY2010 $m	Actual 1H FY2011[1] $m
Cash Flows from Operating Activities		
Receipts from customers	309.8	124.1
Payments to suppliers and employees	(249.1)	(144.8)
Interest received	0.3	0.1
Finance costs	(12.6)	(4.6)
Income tax paid	(7.8)	0.0
Net cash provided by (used in) operating activities	40.6	(25.3)
Cash Flows from Investing Activities		
Proceeds from sale of property, plant and equipment	6.6	1.2
Purchase of investments	8.1	-
Purchase of non-current assets	(19.4)	(4.0)
Payment for subsidiary, net of cash acquired	(10.0)	-
Net cash provided by (used in) investing activities	(14.7)	(2.7)
Cash Flows from Financing Activities		
Net proceeds from issue of shares	33.6	38.2
Proceeds from borrowings	15.3	5.0
Repayment of borrowings	(64.4)	(21.2)
Net cash provided by (used in) financing activities	(15.4)	22.0
Net increase in cash held	10.5	(6.1)
Cash at beginning of financial year	(22.1)	(11.6)
Cash at end of financial year[2]	(11.6)	(17.7)

- 1H FY2011 operational cashflow adversely impacted by bringing creditors back into normal payment terms.
- Sale proceeds from Coote Logistics not received until 2H FY2011
- Significant debt reduction through:
  - Equity proceeds from $42.6m rights issue in July;
  - Partial proceeds from sale of South Spur not received until 1H FY2011; and
  - Amortisation of $3.3m per quarter as per CBA agreement.

[1] Management accounts for the half year ended 31 December 2010

[2] Balance sheet cash balance is net of bank overdraft facility

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Segmental Revenue and EBIT

Revenue	Actual FY2010 $m	Guidance FY2011[1,2] $m	Actual 1H FY2011[2] $m	Guidance 2H FY2011[1] $m
Drivetrain	103.2	105.2	47.5	57.7
Gemco Rail	36.2	74.7	36.6	38.0
Momentum	24.1	29.2	14.7	14.5
Convair	8.6	14.6	6.5	8.2
CERT	3.7	4.1	2.2	1.9
Coote Logistics (sold)	13.1	3.4	2.9	0.5
Greentrains	13.0	9.6	4.4	5.2
Other[3]	(13.2)	(20.7)	(2.2)	(18.6)
Totals	**188.7**	**220.1**	**112.7**	**107.4**
EBIT				
Drivetrain	6.8	16.8	6.3	10.5
Gemco Rail	(32.4)	2.9	1.2	1.8
Momentum	1.6	3.3	1.8	1.5
Convair	0.8	1.7	0.7	1.0
CERT	0.6	1.0	0.6	0.4
Coote Logistics (sold)	(12.4)	(1.2)	(1.4)	0.2
Greentrains	4.5	4.2	2.1	2.2
Other[3]	(55.4)	(11.1)	(5.1)	(6.0)
Totals	**(85.9)**	**17.6**	**6.0**	**11.6**

Commentary on individual segment performance is provided on the following pages

(1) Directors guidance for the full year ended June 2011

(2) Management accounts for the half year ended 31 December 2010

(3) Eliminations and corporate overheads

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Drivetrain

	Actual FY2010 $m	Guidance FY2011[1,2] $m	Actual 1H FY2011[2] $m	Guidance 2H FY2011[1] $m
Revenue	103.2	105.2	47.5	57.7
EBITDA	8.5	19.4	7.2	12.1
EBITDA margin	*8.3%*	*18.4%*	*15.2%*	*21.0%*
EBIT	6.8	16.8	6.3	10.5
EBIT margin	*6.6%*	*16.0%*	*13.3%*	*18.1%*

- Revenue growth of 4.2% FY2010 to FY2011
- The FY2010 EBIT performance of $6.8m was adversely impacted by a number of significant write downs
- The growth in revenues in between 1H FY2011 and H2 FY2011 is driven by firm customer orders for powertrain components and diesel engine spare parts in the Australian and European businesses scheduled for delivery in the second half
- EBIT margin growth in H2 FY2011 driven by increased sales volume, improved supply chain and logistics performance and improved selling price realisation

(1) Directors guidance for the full year ended June 2011

(2) Management accounts for the half year ended 31 December 2010

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Gemco Rail

	Actual FY2010 $m	Guidance FY2011[1,2] $m	Actual 1H FY2011[2] $m	Guidance 2H FY2011[1] $m
Revenue	36.2	74.7	36.6	38.0
EBITDA	(14.9)	4.5	1.9	2.5
EBITDA margin	*N/A*	*6.0%*	*5.3%*	*6.6%*
EBIT	(32.4)	2.9	1.2	1.8
EBIT margin	*N/A*	*3.9%*	*3.1%*	*4.6%*

- Significant increase in maintenance services demand underpins anticipated strong growth in revenue (up 106%) and earnings
- Two major wagon build projects are in progress for IMX Resources and BHP Worsley. Projects to be completed by 30 June 2011
- 2010 results include significant impairment of assets
- In excess of 80% of the 2011 revenue is WA based, eastern states are a future growth focus
- Cost saving initiatives and lean manufacturing programme have already delivered results and are expected to continue to improve efficiency and profit performance

(1) Directors guidance for the full year ended June 2011

(2) Management accounts for the half year ended 31 December 2010

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Momentum

	Actual FY2010 $m	Guidance FY2011[1,2] $m	Actual 1H FY2011[2] $m	Guidance 2H FY2011[1] $m
Revenue	24.1	29.2	14.7	14.5
EBITDA	2.1	3.9	2.1	1.8
EBITDA margin	*8.9%*	*13.2%*	*14.0%*	*12.4%*
EBIT	1.6	3.3	1.8	1.5
EBIT margin	*6.5%*	*11.2%*	*12.0%*	*10.4%*

- Revenue growth underpinned by demand in resource industry
- Of 2H revenue, $3m - $4m is locked in forward contracts
- Full year EBIT expected to double on FY2010 results due to focus on cost savings, visibility of results after introduction of SAP, and reduction of management overheads as consolidated with Gemco
- Demand remains strong in rail sector especially in the Nth West of Western Australia

(1) Directors guidance for the full year ended June 2011

(2) Management accounts for the half year ended 31 December 2010

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Convair

	Actual FY2010 $m	Guidance FY2011[1,2] $m	Actual 1H FY2011[2] $m	Guidance 2H FY2011[1] $m
Revenue	8.6	14.6	6.5	8.2
EBITDA	0.9	1.8	0.7	1.1
EBITDA margin	*10.3%*	*12.3%*	*10.9%*	*13.3%*
EBIT	0.8	1.7	0.7	1.0
EBIT margin	*9.0%*	*11.6%*	*10.2%*	*12.8%*

- Strong expected revenue growth of 70% from FY2010 to FY2011
- FY2010 performance adversely impacted by customer's lack of capex during GFC
- Forward order book full for FY2011, orders extend well into FY2012
- Strong order book for tankers, with on-going strong demand expected
- Manufacturing capacity and staff complement increased to meet demand

(1) Directors guidance for the full year ended June 2011

(2) Management accounts for the half year ended 31 December 2010

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CERT

	Actual FY2010 $m	Guidance FY2011(1,2) $m	Actual 1H FY2011(2) $m	Guidance 2H FY2011(1) $m
Revenue	3.7	4.1	2.2	1.9
EBITDA	0.6	1.0	0.6	0.4
EBITDA margin	*16.9%*	*25.6%*	*27.1%*	*23.9%*
EBIT	0.6	1.0	0.6	0.4
EBIT margin	*16.3%*	*25.1%*	*26.6%*	*23.3%*

- Revenue FY2010 to FY2011 is in line with budget
- WA branch restructured in November 2010 which resulted in temporary reduction of revenue and EBIT expected in second half. Now positioned for growth in FY2011-12
- Demand remains strong for training services in NSW and WA
- Increased rail authority regulation in NSW provides opportunities for growth

(1) Directors guidance for the full year ended June 2011

(2) Management accounts for the half year ended 31 December 2010

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Coote Logistics – sold

	Actual FY2010 $m	Guidance FY2011[1,2] $m	Actual 1H FY2011[2] $m	Guidance 2H FY2011[1] $m
Revenue	13.1	3.4	2.9	0.5
EBITDA	(10.6)	(0.7)	(1.0)	0.3
EBITDA margin	*N/A*	*N/A*	*N/A*	*54.9%*
EBIT	(12.4)	(1.2)	(1.4)	0.2
EBIT margin	*N/A*	*N/A*	*N/A*	*44.5%*

- This loss-making business was sold on 18 January 2011 and the residual operations of this business retained by Engenco are expected to be wound down by the end of FY2011

(1) Directors guidance for the full year ended June 2011

(2) Management accounts for the half year ended 31 December 2010

Greentrains

	Actual FY2010 $m	Guidance FY2011[1,2] $m	Actual 1H FY2011[2] $m	Guidance 2H FY2011[1] $m
Revenue	13.0	9.6	4.4	5.2
EBITDA	11.8	8.3	3.9	4.4
EBITDA margin	*90.8%*	*85.8%*	*87.7%*	*84.2%*
EBIT	4.5	4.2	2.1	2.2
EBIT margin	*34.7%*	*44.0%*	*46.5%*	*41.9%*

- The majority of the lease contracts are in force until after the Directors' guidance period
- The sale of locomotives to POTA in June 2010 resulted in a reduced locomotive fleet which has adversely impacted FY2011 revenues
- Major customers include POTA and Pacific National
- Leases with SCT, Railcorp and AWB recently secured
- Significant locomotive assets impairments charge in FY2010 result
- In excess of 85% utilisation of locomotive fleet

(1) Directors guidance for the full year ended June 2011

(2) Management accounts for the half year ended 31 December 2010

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Other – Eliminations and Corporate Overheads

	Actual FY2010 $m	Guidance FY2011[1,2] $m	Actual 1H FY2011[2] $m	Guidance 2H FY2011[1] $m
Revenue	(13.2)	(20.7)	(2.2)	(18.6)
EBITDA	(8.5)	(8.3)	(3.7)	(4.6)
EBIT	(55.4)	(11.1)	(5.1)	(6.0)
EBIT – corporate costs	*(11.2)*	*(9.7)*	*(5.1)*	*(4.6)*
EBIT – corporate one-offs	*(44.2)*	-	-	-
Eliminations	-	*(1.4)*	-	*(1.4)*
Total	***(55.4)***	***(11.1)***	***(5.1)***	***(6.0)***

- FY2010 EBIT includes goodwill write-downs of $44.2m
- Revenues reduced by $16.9m in 2H FY2011 due to elimination entries for inter company IMX wagon sales
- Includes group corporate costs of $9.7m and $1.4m net loss impact resulting from elimination of inter company IMX wagon sales

(1) Directors guidance for the full year ended June 2011

(2) Management accounts for the half year ended 31 December 2010

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Risk factors

Key Risks in relation to Engenco

This section discusses some of the key risks associated with an investment in shares in Engenco. A number of risks and uncertainties, which are both specific to Engenco and of a more general nature, may adversely affect the operating and financial performance or position of Engenco, in turn affecting the value of Engenco shares and the value of your investment in Engenco.

The risks and uncertainties described below are not an exhaustive list of the risks facing Engenco in connection with the capital raising or associated with an investment in Engenco. Additional risks and uncertainties may also become important factors that adversely affect Engenco's operating and financial performance or position.

Before investing in Engenco shares, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on Engenco (such as that available on the websites of Engenco and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

Engenco Specific Risks

Working capital risk	▪ Notwithstanding the equity raising, there can be no assurances that Engenco will obtain appropriate funding for its operations on a timely basis, on reasonable terms, or at all, or that such additional funding would be sufficient to enable Engenco to continue to implement its long term business strategy. Any delay in reducing indebtedness or sourcing additional funding may adversely affect Engenco's credit standing and may result in its borrowing costs being higher than expected.
Industry cycle	▪ Engenco's customers operate in the defence, maritime, power generation, rail and resources industries. Any negative impacts to these industries may adversely impact on Engenco's profitability and financial position.
Increased competition	▪ Engenco faces competition in its business units and to the extent the are new entrants or changes in strategy by existing competitors. Engenco may lose market share with adverse impacts on profitability.
Foreign exchange	▪ Engenco's revenue and operating expenditure is determined principally in Australian dollars, Euros, US dollars and Swedish Krona. Forex fluctuations between these currencies could adversely impact Engenco profitability.
Environmental risks	▪ Extensive national environmental laws and regulations in Australia affect the operations of Engenco. There is a risk that significant damages or penalties might be imposed on Engenco group companies.
Reliance on key personnel	▪ The responsibility of overseeing day-to-day operations and the strategic management of Engenco is overseen by a small number of key employees. The loss of key employees could affect Engenco's profitability.
Occupational health	▪ Engenco manages, with its clients, certain risks associated with the occupational health and safety of its employees. Injuries or incidents may result in expenses in excess of the insured amounts.

Risk factors

Engenco Specific Risks (continued)

Reliance on key customers and suppliers	▪ Engenco's businesses rely on a number of long-term contracts and business relationships. If any of the key customers defer expenditure, reduce production or terminate the relationship, this may have an adverse effect on the financial performance and/or financial position of Engenco. Similarly, if suppliers do not supply parts to keep up with Engenco's order book, the Company may not be able to complete work for its customers and may adversely affect profit.
Equipment	▪ Engenco is dependent on access to storage, rail, power and propulsion equipment and related parts. If Engenco is unable to source suitable equipment and parts, its profitability may be adversely affected.
Sovereign risk	▪ Engenco and its clients operate in various countries. There is a risk that the actions of a government, or other unforeseen events, in any of these countries may adversely affect Engenco's operational flexibility.
Industrial disputes	▪ Industrial disputes may arise from claims for higher wages and/or better working conditions in the industry in which Engenco operates. This could disrupt operations and impact on earnings.
Risks with growth initiatives	▪ Engenco intends to grow both organically and through new investment opportunities. There are always risks that the benefits, synergies or efficiencies expected from such investments or growth opportunities may take longer than expected to be achieved or may not be achieved at all.
Litigation risk	▪ Exposure to litigation brought by third parties such as customers, regulators, employees or business associates could negatively impact on Engenco's financial performance.
Insurance	▪ There may be circumstances where Engenco's insurance will not cover, or will not be adequate to cover, the consequences of adverse events arising from operations.
New work and projects	▪ Engenco's future financial performance will be impacted by its ability to win new work and projects. The failure of Engenco to win new work or projects may adversely impact its financial performance.
Timing of contracts	▪ Engenco's guidance assumes that the delivery of a number of projects will occur during the year ending 30 June 2011. Engenco is exposed to the risk that revenues may not be realised during the year ending 30 June 2011 if projects are delayed due to customer, supplier or Engenco issues.

Risk factors

General Risks

Economic conditions	▪ Adverse changes in economic conditions such as interest rates, exchange rates, inflation, government policy, international economic conditions and employment rates (amongst others) are outside Engenco's control and have the potential to have an adverse impact on Engenco and its operations.
Stock market fluctuations	▪ There are risks associated with any investment in a company listed on the ASX. The value of Engenco's shares may rise above or fall below the current price depending on the financial and operating performance of Engenco and external factors over which Engenco and its Directors have no control. These external factors include economic conditions in Australia and overseas, changing investor sentiment in the local and international stock markets, changes in domestic or international fiscal, monetary, regulatory and other government policies and developments and general conditions in the markets in which Engenco operates or proposes to operate and which may impact on the future value and pricing of shares.
Regulatory risks	▪ Engenco is exposed to changes in the regulatory conditions under which it operates. Such regulatory changes can include, for example, changes in taxation laws and policies, accounting standards, environmental laws and regulations, employment laws and regulations, and laws and regulations relating to occupational health and safety.

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