Appendix 4D

Name of entity	**Engenco Limited** (formerly Coote Industrial Limited)
ACN	120 432 144
ASX listing code	EGN

Revenue / Profit	Movement	Change (%)	31 Dec 10 $'000	31 Dec 09 $'000
Revenue from ordinary activities	↓	(14.5)	109,998	128,688
Profit from ordinary activities after tax attributable to members	↓	(95.9)	145	3,597
Net profit for the period attributable to members	↓	(95.9)	145	3,597

Revenue / Profit	Amount Per Security	Franked Amount per Security
Dividends Paid in respect of prior year:		
Interim Dividend	0.0c	0.0c
Final Dividend	0.0c	0.0c
Dividends declared in respect of current year:		
Interim Dividend (*)	0.0c	0.0c

** No interim dividend was declared*

Net Tangible Assets		31 Dec 10 Cents	31 Dec 09 Cents
Net tangible assets per share:	(2011: 532,027,576 shares) (2010: 266,438,788 shares)	7.90	29.90

Engenco

Interim Financial Report

at 31 December 2010

Contents

Corporate Directory

Corporate Headquarters

Engenco Limited

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Maddington WA 6989

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Registered Office

Level 1, 10 Kings Park Road
West Perth WA 6005

Directors

Dale Elphinstone
FAICD
Non-Executive Chairman

Vince De Santis
BCom/LLB (Hons)
Managing Director

Donald Hector
BE(Chem), PhD, FAICD, FIEAust, FIChemE
Non-Executive Director

Ross Dunning, AC
BE(Hons), BCom, FCILT, FAIM, FIEAust,
FIRSE, MAICD
Non-Executive Director

Company Secretary

Roland Stampalia
BCom, CPA, F Fin
Chief Financial Officer

Auditors

Bentleys

Level 1, 12 Kings Park Road
West Perth WA 6005

T: +61 (0)8 9226 4500
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Share Registry

Security Transfer Registrars Pty Ltd

770 Canning Highway
Applecross WA 6153

T: +61 (0)8 9315 2333
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Directors' Report

Your directors submit the financial report on the consolidated entity of Engenco Limited and its controlled entities for the half-year ended 31 December 2010.

Names of Directors

The following persons were Directors of Engenco Limited during the reporting period:

Dale Elphinstone (Non-Executive Director / Chairman)	Appointed 19 July 2010
Vince De Santis (Managing Director)	Appointed 19 July 2010
Donald Hector (Non-Executive Director)	Full period
Ross Dunning (Non-Executive Director)	Appointed 8 November 2010
Mike Coote (Managing Director)	Resigned 22 July 2010
Don Patterson (Executive Director)	Resigned 22 July 2010

Review of Operations

Revenue of $112.67 million forms a solid base that can deliver stable, sustainable earnings. Customer demand continues to improve in all sectors, and key businesses are well-positioned to build on first-half sales.

Net profit after tax for the period (attributable to members) was $0.145 million. The return to profitability following the downward earnings trend evident in FY2010 is pleasing, particularly with the positive contribution made by Gemco. However, the impact of under-performing assets is still evident, with Coote Logistics and the Drivetrain US operations operating at a loss. The review and disposal of under-performing assets is continuing. In particular, the sale of the remaining Coote Logistics business and the planned disposal of US assets are expected to bring tangible benefits in the second half.

	Actual 1H FY2011 Total including Discontinued operations $m	Actual 1H FY2011 Continued operations $m	Actual 1H FY2011 Discontinued operations $m
Revenue	112.7	110.0	2.7
EBITDA	11.7	12.4	(0.7)
EBITDA margin	10.4%	11.3%	-25.9%
Depreciation and amortisation	(5.7)	(5.3)	(0.4)
EBIT	6.0	7.0	(1.0)
EBIT margin	5.3%	6.4%	-37.0%
Interest expense	(5.1)	(4.7)	(0.4)
Profit before tax	0.9	2.3	(1.4)
Tax	(0.7)	(1.1)	0.4
Net profit after tax	0.2	1.2	(1.0)

During the first half, there were major changes in Board membership and management structure, with the appointment of a further independent, Non-Executive Director and the appointment of an interim Managing Director. The Board has focussed on progressing to best-practice corporate governance, reviewing the strategic direction of the business, and supporting operational improvement initiatives. The Board expects the review and improvement programme to continue for some time. Nonetheless, results are already apparent and the Group is now on a more stable footing.

Independent Auditor's Declaration

The Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 December 2010.

A copy of the Independent Auditor's Review Report is provided as an attachment to this document.

This report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors

Vince De Santis
Managing Director

10 February 2011

Bentleys
Thinking ahead

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& Corporate (WA) Pty Ltd
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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

This declaration is made in connection with our review of the financial report of Engenco Limited and Controlled Entities for the half year ended 31 December 2010 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the review.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

RANKO MATIC CA
Director

DATED at PERTH this 10th day of February 2011

Consolidated Statement of Comprehensive Income

for the half year ended 31 December 2010

	Consolidated 31 Dec 10 $'000	Consolidated 31 Dec 09 $'000
Revenue	109,998	128,688
Other Income	1,186	1,789
Changes in inventories of finished goods and work in progress	3,162	(2,942)
Raw materials and consumables used	(55,321)	(41,368)
Employee benefits expense	(32,294)	(42,207)
Depreciation and amortisation expense	(5,344)	(6,272)
Impairment recovered	-	860
Finance costs	(4,744)	(6,728)
Subcontract freight	(1,054)	(1,091)
Repairs and maintenance	(909)	(2,414)
Insurance	(1,000)	(1,774)
Rent and outgoings	(4,781)	(5,750)
Vehicle expenses	(442)	(918)
Fuel	(300)	(2,580)
Foreign exchange movement	(290)	(374)
Other expenses	(5,564)	(11,458)
Profit before income tax	**2,303**	**5,461**
Income tax expense	(1,105)	(1,269)
Profit for the period from continuing operations	**1,198**	**4,192**
Profit/(Loss) from discontinued operations after tax	(977)	-
Profit for the period	**221**	**4,192**
Other comprehensive income:		
Foreign exchange reserve movement	473	113
Other comprehensive income for the period, net of tax	473	113
Total comprehensive income for the period	**694**	**4,305**
Profit attributable to:		
Members of the parent entity	145	3,597
Non-controlling interest	76	595
	221	**4,192**
Total comprehensive income attributable to:		
Members of the parent entity	618	3,710
Non-controlling interest	76	595
	694	**4,305**
EARNINGS PER SHARE		
From continuing and discontinued operations		
Basic earnings per share (cents per share)	0.03	2.67
Diluted earnings per share (cents per share)	0.03	2.54
From continuing operations		
Basic earnings per share (cents per share)	0.22	2.67
Diluted earnings per share (cents per share)	0.22	2.67
From discontinued operations		
Diluted earnings per share (cents per share)	(0.19)	-

Consolidated Statement of Financial Position

as at 31 December 2010

	Consolidated 31 Dec 10 $'000	Consolidated 30 Jun 10 $'000
Assets		
Current Assets		
Cash and cash equivalents	2,143	2,727
Trade and other receivables	39,330	44,424
Inventories	47,913	44,751
Other current assets	4,120	2,359
Non-Current assets held for sale	3,345	-
Total Current Assets	**96,851**	**94,261**
Non-Current Assets		
Trade and other receivables	713	2,255
Inventories	5,921	5,921
Financial Assets	153	157
Property, plant and equipment	79,631	82,459
Deferred tax assets	5,883	4,915
Intangible assets	51,508	52,295
Total Non-Current Assets	**143,809**	**148,002**
Total Assets	**240,660**	**242,263**
Current Liabilities		
Trade and other payables	27,880	56,381
Financial liabilities	70,944	81,070
Current tax liabilities	5,888	2,860
Short-term provisions	6,531	9,947
Disposal group liabilities	1,812	-
Total Current Liabilities	**113,055**	**150,258**
Non-Current Liabilities		
Financial liabilities	28,007	32,113
Long-term provisions	1,674	1,950
Deferred tax liabilities	4,172	4,311
Total Non-Current Liabilities	**33,853**	**38,374**
Total Liabilities	**146,908**	**188,632**
Net Assets	**93,752**	**53,631**
Equity		
Issued capital	192,235	152,808
Reserves	(409)	(882)
Non-controlling interest	2,835	2,759
Accumulated losses	(100,909)	(101,054)
Total Equity	**93,752**	**53,631**

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2010

Current Period

Consolidated Entity	Issued Capital Ordinary $'000	Retained Earnings/ (Accumulated Losses) $'000	Non-controlling interest $'000	Foreign Currency Translation Reserve $'000	Option Reserves $'000	Total $'000
Balance at 1 July 2010	152,808	(101,054)	2,759	(1,074)	192	53,631
Shares issued during the year	42,630	-	-	-	-	42,630
Transaction costs on share issues	(1,460)	-	-	-	-	(1,460)
Cancellation of shares	(1,743)	-	-	-	-	(1,743)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-
Total comprehensive income for the period	-	145	76	473	-	694
Option reserve on recognition of options issued	-	-	-	-	-	-
Sub-total	**192,235**	**(100,909)**	**2,835**	**(601)**	**192**	**93,752**
Dividends paid or provided for	-	-	-	-	-	-
Balance at 31 December 2010	**192,235**	**(100,909)**	**2,835**	**(601)**	**192**	**93,752**

Previous Period

Consolidated Entity	Issued Capital Ordinary $'000	Retained Earnings $'000	Non-controlling interest $'000	Foreign Currency Translation Reserve $'000	Option Reserves $'000	Total $'000
Balance at 1 July 2009	**119,222**	**14,712**	**-**	**(199)**	**896**	**134,631**
Shares issued during the year	35,215	-	-	-	-	35,215
Transaction costs on share issues	(1,618)	-	-	-	-	(1,618)
Non-controlling interest on acquisition of subsidiary	-	-	9,786	-	-	9,786
Total comprehensive income for the period	-	3,597	595	113	-	4,305
Option reserve on recognition of options issued	-	704	-	-	(704)	-
Sub-total	**152,819**	**19,013**	**10,381**	**(86)**	**192**	**182,319**
Dividends paid or provided for	-	-	-	-	-	-
Balance at 31 December 2009	**152,819**	**19,013**	**10,381**	**(86)**	**192**	**182,319**

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2010

	Consolidated 31 Dec 10 $'000	Consolidated 31 Dec 09 $'000
Cash Flows from Operating Entities		
Receipts from customers	124,096	185,963
Payments to suppliers and employees	(144,838)	(141,455)
Interest received	50	302
Finance costs	(4,612)	(5,801)
Income tax paid	9	(182)
Net cash provided by (used in) operating activities	**(25,295)**	**38,827**
Cash Flows from Investing Activities		
Proceeds from sale of non-current assets	1,213	1,366
Purchase of non-current assets	(3,962)	(6,636)
Purchase of Financial Assets	-	-
Payment for subsidiary, net of cash acquired	-	(3,498)
Funds lent to unrelated parties	-	-
Net cash provided by (used in) investing activities	**(2,749)**	**(8,768)**
Cash Flows from Financing Activities		
Proceeds from issue of shares	26,178	33,597
Proceeds from borrowings	5,000	61
Repayment of borrowings	(9,210)	(39,518)
Dividends paid by parent entity	-	-
Net cash provided by (used in) financing activities	**21,968**	**(5,860)**
Net Increase in Cash Held	(6,076)	24,199
Cash at Beginning of Period	(11,623)	(22,102)
Cash at End of Period	**(17,699)**	**2,097**

Reconciliation of Cash and Cash Equivalents

	Consolidated 31 Dec 10 $'000	Consolidated 31 Dec 09 $'000
Cash at bank and in hand	2,143	2,097
	2,143	2,097
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	2,143	2,097
Bank overdrafts	(19,842)	-
	(17,699)	**2,097**

Notes to the Financial Statements

for the half-year ended 31 December 2010

Note 1 - Summary of accounting policies

Basis of preparation

These general purpose financial statements for the interim half year reporting period ended 31 December 2010 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Engenco Limited (formerly Coote Industrial Limited) and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied to the most recent annual financial statements.

Credit Facilities and Working Capital Deficiency

At 31 December 2010, Engenco Limited (excluding Greentrains Limited) was outside both the leverage covenant and the interest cover covenant. The leverage covenant, being Net Debt to EBITDA, was 4.2 times compared with a maximum covenant of 3.5 times. A dividend lock applies until leverage is below 2.5 times. The leverage covenant has remained in line with June 2010 of 4.5 times. Interest cover, being EBITDA to Net Interest at 31 December 2010, was 2.3 times compared with a minimum covenant of 3.0 times.

At the time of writing this report, the Company is undertaking a significant capital raising that will address the existing working capital deficiency and provide adequate funding for the Company's future requirements. Combined with management's efforts to improve operational efficiency and strengthen the Company's market offerings, the financial performance of the business is anticipated to enable compliance with key debt facility covenants.

Note 2 – Discontinued operations

On 19 January 2011, the consolidated group completed disposal of its logistics operations of FCD Container Logistics Pty Ltd, thereby discontinuing its operations in this business segment.

The financial performance of the discontinued operation to 31 December 2010 is included in profit/(loss) from the discontinued operations per the statement of comprehensive income as follows:

	$'000
Revenue	2,674
Other income	-
Changes in inventories of finished goods and work in progress	-
Raw materials and consumables used	(527)
Employee benefits expense	(1,719)
Depreciation and amortisation expense	(331)
Impairment of property, plant and equipment	-
Finance costs	(342)
Subcontract freight	-
Repairs and maintenance	-
Insurances	(91)
Rent and outgoings	(264)
Vehicle expenses	(97)
Fuel	-
Foreign exchange movements	-
Other expenses	(699)
Profit / (Loss) before income tax	(1,396)
Income tax expense	419
Profit / (Loss) attributable to members of parent entity	(977)
Profit / (Loss) on sale before income tax	-
Income tax expense	-
Profit / (Loss) on sale after income tax	-
Total Profit / (Loss) after tax attributable to discontinued operations	(977)

Note 3 – Earnings per share

		Consolidated 31 Dec 10 $'000	Consolidated 30 Jun 10 $'000
(a)	RECONCILIATION OF EARNINGS TO PROFIT OR LOSS		
	Profit	221	4,192
	Profit attributable to non-controlling equity interest	(76)	(595)
	Earnings used to calculate basic EPS	145	3,597
	Earnings used in the calculation of dilutive EPS	145	3,597
(b)	RECONCILIATION OF EARNINGS TO PROFIT OR LOSS FROM CONTINUING OPERATIONS		
	Profit from continuing operations	1,198	4,192
	Profit attributable to non-controlling equity interest in respect of continuing operations	(76)	(595)
	Earnings used to calculate basic EPS from continuing operations	1,122	3,597
	Earnings used in the calculation of dilutive EPS from continuing operations	1,122	3,597
(c)	RECONCILIATION OF EARNINGS TO PROFIT OR LOSS FROM DISCONTINUING OPERATIONS		
	Profit from discontinuing operations	(977)	-
	Profit attributable to non-controlling equity interest from discontinuing operations	-	-
	Earnings used to calculate basic EPS from discontinuing operations	(977)	-
	Earnings used in the calculation of dilutive EPS from discontinuing operations	(977)	-
		No.	**No.**
(d)	WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE YEAR USED IN CALCULATING BASIC EPS	513,300	134,620
	Weighted average number of options outstanding	3,000	6,970
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	516,300	141,590

Note 4 – Issued capital

	Consolidated 31 Dec 10 $'000	Consolidated 30 Jun 10 $'000
532,027,576 (2010: 266,438,788) fully paid ordinary shares with no par value	192,235	152,808
	192,235	152,808

Ordinary Shares

	No.	No.
At beginning of reporting period	266,438,788	123,075,146
Shares issued during year		
14/07/2010	266,438,788	-
3/09/2010	(850,000)	-
(2010: 24/11/2009)	-	18,461,271
(2010: 23/12/2009)	-	96,923,344
(2010: 9/12/2009)	-	23,328,894
(2010: 23/12/2009)	-	4,650,133
	532,027,576	266,438,788

Date	No.	Price	Description
14 July 2010	266,438,788	$0.16	1:1 non-renounceable rights issue and debt conversion (refer note 8c)
3 Sep 2010	(850,000)	$2.05	Cancellation of shares subject to a loan advanced to Don Patterson following his resignation from his position on 22/07/2010

All of these shares were eligible to participate in dividends from the date of issue.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 5 – Operating segments

Segment Information

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of service offerings since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Types of Products and Services by Segment

The chief operating decision makers consider the business from a Business Line perspective and have identified seven (7) reportable segments as follows:

(a) CERT

CERT is a provider of rail personnel training, certification and accreditation services.

(b) Convair

Convair is a manufacturer of bulk pneumatic road tankers and mobile silos for the carriage and storage of construction materials, grains, and other dry bulk materials. Additional services include maintenance, repair and overhaul and provisioning of ancillary equipment and spare parts sales.

(c) Coote Logistics

Coote Logistics provides specialised road transportation and port logistics services, primarily for mine-site inputs and outputs, agricultural and industrial equipment. The business also provides customs accredited inspection and quarantine facilities, storage and redistribution of both containerised and bulk freight services, and road freight transportation services.

(d) Drivetrain Power and Propulsion

Drivetrain Power and Propulsion is a provider of technical sales and services to the mining, oil & gas, rail, transport, defence, marine, construction, materials handling, automotive, agriculture, and power generation industries. A broad product and service offering includes engine and powertrain maintenance, repair and overhaul, new components and parts, fluid connector products, power generation design and construction, technical support, professional engineering and training services. Former key business Industrial Powertrain was incorporated into Drivetrain at the commencement of this reporting period.

(e) Gemco

Gemco Rail specialise in the remanufacture and repair of locomotives, wagons, bearings and other rail products for rail operators and maintainers. Gemco provides wheel-set, bogie and in-field wagon maintenance and manufactures new and refurbished wagons, bogie component parts, customised remote controlled ballast car discharge gates, and a range of rail maintenance equipment and spares.

(f) Greentrains

Greentrains is a lessor of rail rollingstock, including locomotives and wagons, to the freight rail, mining rail and infrastructure rail sectors.

(g) Momentum

Momentum is a provider of personnel and project management services to freight rail and mining rail infrastructure managers. Services include professional recruitment and workforce solutions, including managing and provisioning track construction and maintenance projects.

Note 5 - Operating segments (cont'd)

(i) Segment Performance

6 months ended 31 December 2010

Primary Reporting: Business Segments	Drivetrain Power & Propulsion $'000	Convair $'000	Coote Logistics $'000	Total Momentum $'000	CERT $'000	Gemco Rail $'000	Greentrains $'000	Consol. Group $'000
Revenue								
External sales	46,485	6,448	237	13,823	2,196	35,934	4,424	109,547
Inter-segment sales	1,026	-	-	851	30	706	-	2,613
Interest revenue	19	2	-	-	-	2	5	28
Total segment revenue	**47,530**	**6,450**	**237**	**14,674**	**2,226**	**36,642**	**4,429**	**112,188**
Reconciliation of segment revenue to group revenue								
Unallocated revenue								423
Inter-segment elimination								(2,613)
Total group revenue								109,998
Segment net profit before tax	**7,243**	**704**	**(296)**	**2,051**	**603**	**1,924**	**3,886**	**16,115**
Reconciliation of segment group net profit/(loss) before tax								
Amounts not included in segment result but reviewed by Board:								
Depreciation and amortisation	(924)	(47)	(74)	(294)	(11)	(771)	(1,826)	(3,947)
Impairment of property, plant and equipment	-	-	-	-	-	-	-	-
Unallocated items:								
Finance costs								(4,744)
Depreciation and amortisation								(1,397)
Other								(3,724)
Net profit before tax from continuing operations								**2,303**

Note 5 - Operating segments (cont'd)

6 months ended 31 December 2009

Primary Reporting: Business Segments	Drivetrain Power & Propulsion $'000	Convair $'000	Coote Logistics $'000	Total Momentum $'000	CERT $'000	Gemco Rail $'000	Greentrains $'000	Consol. Group $'000
Revenue								
External sales	56,311	4,279	25,748	12,044	1,697	26,386	1,195	127,660
Inter-segment sales	1,110	-	344	312	-	139	-	1,905
Interest revenue	17	2	-	-	-	280	4	303
Total segment revenue	**57,438**	**4,281**	**26,092**	**12,356**	**1,697**	**26,805**	**1,199**	**129,868**
Reconciliation of segment revenue to group revenue:								
Unallocated revenue								**725**
Inter-segment elimination								(1,905)
Total group revenue								**128,688**
Segment net profit before tax	**11,592**	**354**	**104**	**1,537**	**248**	**1,103**	**5,906**	**20,844**
Reconciliation of segment group net profit/(loss) before tax								
Amounts not included in segment result but reviewed by Board:								
Depreciation and amortisation	(1,222)	(49)	(917)	(278)	(12)	(627)	(2,108)	(5,213)
Impairment of property plant and equipment	860							860
Unallocated items:								
Finance costs								(6,728)
Depreciation and amortisation								(1,059)
Other								(3,243)
Net profit before tax from continuing operations								**5,461**

Note 5 - Operating segments (cont'd)

(ii) Segment Assets

as at 31 December 2010

Primary Reporting: Business Segments	Drivetrain Power & Propulsion $'000	Convair $'000	Coote Logistics $'000	Total Momentum $'000	CERT $'000	Gemco Rail $'000	Greentrains $'000	Consol. Group $'000
Segment assets	**83,915**	**2,971**	**462**	**10,159**	**2,137**	**53,208**	**60,303**	**213,155**
Segment asset increases for the period:								
Capital expenditure	520	23	-	191	9	178	3,941	4,862
Acquisitions	-	-	-	-	-	-	-	-
	520	**23**	**-**	**191**	**9**	**178**	**3,941**	**4,862**
Reconciliation of segment assets to group assets:								
Inter-segment eliminations								(66,003)
Unallocated items:								
Deferred tax assets								5,883
Non-Current assets held for sale								3,345
Other assets								84,280
Total group assets from continuing operations								**240,660**

as at 30 June 2010

Primary Reporting: Business Segments	Drivetrain Power & Propulsion $'000	Convair $'000	Coote Logistics $'000	Total Momentum $'000	CERT $'000	Gemco Rail $'000	Greentrains $'000	Consol. Group $'000
Segment assets	**90,447**	**1,981**	**5,411**	**8,625**	**1,681**	**52,228**	**58,003**	**218,376**
Segment asset increases for the period:								
Capital expenditure	1,588	107	1,109	79	-	2,528	-	5,411
Acquisitions	-	-	-	-	-	-	86,110	86,110
	1,588	**107**	**1,109**	**79**	**-**	**2,528**	**86,110**	**91,521**
Reconciliation of segment assets to group assets:								
Inter-segment eliminations								(21,542)
Unallocated items:								
Deferred tax assets								4,915
Non-Current assets held for sale								-
Other assets								40,514
Total group assets from continuing operations								**242,263**

Note 5 - Operating segments (cont'd)

(iii) Segment Liabilities

as at 31 December 2010

Primary Reporting: Business Segments	Drivetrain Power & Propulsion $'000	Convair $'000	Coote Logistics $'000	Total Momentum $'000	CERT $'000	Gemco Rail $'000	Greentrains $'000	Consol. Group $'000
Segment liabilities	**85,468**	**3,209**	**25,837**	**8,281**	**1,205**	**71,028**	**38,173**	**233,201**
Reconciliation of segment liabilities to group liabilities:								
Inter-segment eliminations								(21,542)
Unallocated items:								
Deferred tax liabilities								4,172
Disposal group liabilities								1,812
Other liabilities								40,514
Total group liabilities from continuing operations								**146,908**

as at 30 June 2010

Primary Reporting: Business Segments	Drivetrain Power & Propulsion $'000	Convair $'000	Coote Logistics $'000	Total Momentum $'000	CERT $'000	Gemco Rail $'000	Greentrains $'000	Consol. Group $'000
Segment liabilities	**95,968**	**2,632**	**28,035**	**7,664**	**1,160**	**70,133**	**36,276**	**241,868**
Reconciliation of segment liabilities to group liabilities:								
Inter-segment eliminations								(160,579)
Unallocated items:								
Deferred tax liabilities								4,311
Disposal group liabilities								-
Other liabilities								103,032
Total group liabilities from continuing operations								**188,632**

Note 5 - Operating segments (cont'd)

(iv) Revenue by geographical region

	6 Months ended 31 Dec 10 $'000	6 Months ended 31 Dec 09 $'000
Revenue attributable to external customers is disclosed below, based on the location of the external customer:		
Australia	96,570	110,159
United States of America	5,231	7,851
Europe	10,871	10,678
Total revenue	112,672	128,688

(v) Assets by geographical region

	Balance as at 31 Dec 10 $'000	Balance as at 31 Dec 09 $'000
The location of segment assets is disclosed below by geographical location of the assets:		
Australia	205,043	207,953
United States of America	6,316	7,234
Europe	29,301	27,076
Total assets	240,660	242,263

(vi) Major customers

The Group has a large and diverse customer base. No individual customer has contributed in excess of 5% to overall Group revenue.

Note 6 – Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Note 7 – Events subsequent to reporting date

Sale of FCD Container Logistics

On 19 January 2011, the consolidated group disposed of its Logistics interests by selling 100% shares in FCD Container Logistics Pty Ltd and all the units in FCD Container Depot (1996) Unit Trust. The sale consideration was $3,000,000 for fixed assets and goodwill plus adjustments for debtors, work in progress and stock less certain liabilities and debt. At the date of this report the net sale consideration has not yet been finalised, but based on current estimates amounts to $2,608,000.

The divestment is part of the overall Group strategy of focusing its operations to align with its core businesses.

Aggregate details of this transaction are:

	2011 $'000
Disposal price	2,608
Cash consideration	1,005
Deferred consideration	1,603

Assets and liabilities held at disposal date	2011 $'000
Receivables	719
Inventories	91
Property, plant and equipment	1,822
Payables	(898)
Employee benefit liabilities including superannuation	(47)
	1,687
Net (loss)/gain on disposal	921
Net cash received	2,608

This table represents estimates of the sale transaction as known at the date of this report.

Capital Raising

On 10 February 2011 the Company announced that it is proposing to undertake an underwritten equity capital raising of $85.2m. It was proposed that the capital raising comprise of:-

- Placement to raise $9.6m
- Conditional Placement (subject to shareholder approval) to raise $10.2m
- Non Renounceable Entitlement Offer to raise $65.4m.

Note 8 – Related party transactions

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

(a) Transactions with subsidiaries

The following transactions occurred with related parties:

Related Party Transaction	Consolidated 31 Dec 10 $'000	Consolidated 30 Jun 10 $'000
Tax consolidation legislation:		
Current tax payable assumed from wholly-owned tax consolidated entities	1,672	1,197
Dividend revenue:		
Subsidiaries	-	-
Interest revenue:		
Subsidiaries	-	12,474

(b) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Related Party Transaction	Consolidated 31 Dec 10 $'000	Consolidated 30 Jun 10 $'000
CURRENT RECEIVABLES		
Wholly-owned entities	85	82

(c) Loans to/from related parties

Related Party Transaction	Consolidated 31 Dec 10 $'000	Consolidated 30 Jun 10 $'000
Loans to/from subsidiaries:		
Loans to subsidiaries (1)	157,701	148,881
Loans from subsidiaries (1)	(539)	(3,020)
Loans to/from other related parties:		
Loans from Elph Pty Ltd (2)	(5,000)	(14,992)

(1) The inter-company loans extended from Engenco Ltd to its wholly owned subsidiaries are extended on the following terms:

Term: Revolving facility repayable on demand.

Rate: Fixed rate reviewable quarterly

(2) Terms of Elph loans

On 14 July 2010 $14,992,000 loans from Elph was converted into ordinary shares issued under Rights Issue.

On 22 October 2010 Gemco Rail Pty Ltd, wholly-owned subsidiary of Engenco Ltd entered into a sale agreement with Elph Pty Ltd to sell 194 container wagons ("rollingstock") for a total consideration of $16.9 million. The rollingstock, as their manufacture is progressively completed, were to be leased by Gemco to IMX Resources Limited subsidiary Termite Resources NL, on commercial terms. Elph will now continue as lessor under this arrangement on the same commercial terms. The sale agreement provides for an initial deposit of $2.5 million plus an immediate payment of $2.5 million (total $5.0 million) from Elph to Gemco for rollingstock that have already been manufactured or are currently being manufactured. Gemco incurs interest on these payments. Subsequent progress payments will be made as the rollingstock are completed and delivered. At any time prior to completion of the sale agreement, Gemco may at its election cancel the agreement and retain the rollingstock and repay Elph the initial deposit and work in progress payments.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 20:
    a. Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
    b. Give a true and fair view of the economic entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors,

Vince De Santis
Managing Director

10 February 2011

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Independent Auditor's Review Report

To the Members of Engenco Limited

We have reviewed the accompanying half-year financial report of Engenco Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Engenco Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Engenco Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Engenco Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

Without qualification to the opinion expressed above, we draw your attention to Note 1 and the classification of long-term debt facilities to current liabilities, as these facilities are due for renewal at the end of February 2011. Furthermore, as noted in Note 1, at the date of this report, the Consolidated Entity is in default of its lending covenants.

The effect of these matters is that a working capital deficiency is present in the Consolidated Entity of $16.204M (30 June 2010: $55.997M), on the basis that none of the debt facilities are rolled over. Initiatives undertaken by management to address these working capital issues are referred to in Note 1. Management are confident that these initiatives, including the subsequent divestment of FCD Container Logistics and the proposed capital raisings, will resolve any net working capital deficiencies and that the Consolidated Entity will be able to renegotiate facility extensions for any remaining balances outstanding.

However, as at the date of this report, there is an inherent uncertainty regarding the timing, execution and ultimate success of these initiatives and the renegotiations. The outcome of these matters cannot currently be determined with regard to their effect upon required working capital available for the Consolidated Entity and the performance of its key businesses, the result of which could impact the Consolidated Entity's ability to realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include any adjustments relating to the probability, recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not be successful in its initiatives, as detailed in Note 1.

Our opinion is not qualified in respect of this matter.

Bentleys

BENTLEYS
Chartered Accountants

RANKO MATIC
Director

DATED at PERTH this 10th day of February 2011