



## **Preliminary Final Report**

**Full Year Ended 30 June 2011**

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## Appendix 4E (Rule 4.3A)

### Results for announcement to the market

Name of entity: Engenco Limited (formerly Coote Industrial Limited) ABN 99 120 432 144

The current reporting period is the financial year ended 30 June 2011. The previous corresponding period is the financial year ended 30 June 2010.

Revenue / Profit	Movement	Change \$000	Change %	30 Jun 11 \$000	30 Jun 10 \$000
Revenue from ordinary activities including discontinued operations	Down	(16,979)	(7.6%)	207,352	224,331
Revenue from ordinary activities excluding discontinued operations *	Up	31,493	18.8%	199,295	167,802
Net profit/(loss) for the period including discontinued operations attributable to members	Up	121,375	104.2%	4,905	(116,470)
Net profit/(loss) for the period excluding discontinued operations and one-offs attributable to members *	Up	27,760	131.1%	6,587	(21,173)

\* Reference to discontinued operations and one-offs excludes results of disposed entities in both financial years, impairment of goodwill, impairment of property plant and equipment and inventory write-downs.

#### Dividends

No interim dividends were paid, and no final dividends are proposed.

NTA Backing	30 Jun 11 Cents	30 Jun 10 Cents
Net tangible asset per share	11	0.5

#### Audit Status

This preliminary report is based on financial statements that are in the process of being audited.

#### Commentary

A commentary on the results for the period is contained in the press release dated 30 August 2011 accompanying this statement.

**Consolidated Statement of Comprehensive Income**  
for the year ended 30 June 2011

	Note	Consolidated Group 2011 \$000	Consolidated Group 2010 \$000
Revenue	1	199,295	188,679
Other income	1	2,240	3,380
Changes in inventories of finished goods and work in progress		23,474	(18,707)
Raw materials and consumables used		(108,720)	(77,607)
Employee benefits expense		(59,491)	(67,191)
Depreciation and amortisation expense		(10,160)	(13,059)
Goodwill written off		-	(44,224)
Impairment of property, plant and equipment		567	(11,491)
Finance costs		(9,458)	(15,622)
Subcontract freight		(1,960)	(1,949)
Repairs and maintenance		(1,697)	(8,645)
Insurances		(2,837)	(3,254)
Rent and outgoings		(9,659)	(10,822)
Vehicle expenses		(721)	(1,247)
Fuel		(580)	(6,955)
Foreign exchange movements		(332)	(182)
Other expenses		(9,871)	(12,609)
<b>PROFIT / (LOSS) BEFORE INCOME TAX</b>		<b>10,090</b>	<b>(101,505)</b>
Income tax expense		(3,340)	(5,259)
<b>PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>6,750</b>	<b>(106,764)</b>
Profit / (loss) from discontinued operations after tax		(1,682)	(10,232)
<b>PROFIT / (LOSS) FOR THE PERIOD</b>		<b>5,068</b>	<b>(116,996)</b>
Profit / (loss) attributable to:			
Members of the parent entity		4,905	(116,470)
Non-controlling interest		163	(526)
		<b>5,068</b>	<b>(116,996)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Foreign exchange reserve movement		122	(875)
Other comprehensive income for the period, net of tax		122	(875)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>5,190</b>	<b>(117,871)</b>
Total comprehensive income attributable to:			
Members of the parent entity		5,027	(117,345)
Non-controlling interest		163	(526)
		<b>5,190</b>	<b>(117,871)</b>
<b>EARNINGS PER SHARE</b>		<b>Cents</b>	<b>Cents</b>
From continuing and discontinuing operations:			
Basic earnings per share (cents per share)	5	0.68	(58.35)
Diluted earnings per share (cents per share)	5	0.68	N/A
From continuing operations:			
Basic earnings per share (cents per share)	5	0.92	(53.23)
Diluted earnings per share (cents per share)	5	0.92	N/A
From discontinued operations:			
Basic earnings per share (cents per share)	5	(0.24)	(5.12)

**Consolidated Statement of Financial Position**  
as at 30 June 2011

	Note	Consolidated Group 2011 \$000	Consolidated Group 2010 \$000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		14,098	2,727
Trade and other receivables		48,846	44,424
Inventories		51,002	44,751
Other current assets		3,266	2,359
<b>TOTAL CURRENT ASSETS</b>		<b>117,212</b>	<b>94,261</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		513	2,255
Inventories		6,908	5,921
Financial assets		145	157
Property, plant and equipment		94,471	82,459
Deferred tax assets		6,578	4,915
Intangible assets	7	49,661	52,295
<b>TOTAL NON-CURRENT ASSETS</b>		<b>158,276</b>	<b>148,002</b>
<b>TOTAL ASSETS</b>		<b>275,488</b>	<b>242,263</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		24,295	56,381
Financial liabilities		31,895	81,070
Current tax liabilities		3,361	2,860
Short-term provisions		6,121	9,947
Deferred tax liabilities		2,758	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>68,430</b>	<b>150,258</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities		21,478	32,113
Long-term provisions		1,927	1,950
Deferred tax liabilities		2,298	4,311
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>25,703</b>	<b>38,374</b>
<b>TOTAL LIABILITIES</b>		<b>94,133</b>	<b>188,632</b>
<b>NET ASSETS</b>		<b>181,355</b>	<b>53,631</b>
<b>EQUITY</b>			
Issued capital	8	275,342	152,808
Reserves		532	(882)
Non-controlling interest		2,922	2,759
Retained earnings / (accumulated losses)		(97,441)	(101,054)
<b>TOTAL EQUITY</b>		<b>181,355</b>	<b>53,631</b>

## Consolidated Statement of Changes in Equity

for the year ended 30 June 2011

Consolidated Group	Note	Issued Capital Ordinary Shares \$000	Retained Earnings / (Losses) \$000	Non- controlling Interest \$000	Foreign Currency Translation Reserve \$000	Profit Reserve Foreign Deferred Tax \$000	Option Reserves \$000	Total \$000
BALANCE AT 1 JULY 2009		119,222	14,712	-	(199)	-	896	134,631
Shares issued during the year		35,175	-	-	-	-	-	35,175
Transaction costs		(1,589)	-	-	-	-	-	(1,589)
Non-controlling interest on acquisition of subsidiary		-	-	3,285	-	-	-	3,285
Total comprehensive income for the period		-	(116,470)	(526)	(875)	-	-	(117,871)
Option reserve on recognition of lapsed options		-	704	-	-	-	(704)	-
SUB-TOTAL		152,808	(101,054)	2,759	(1,074)	-	192	53,631
Dividends paid or provided for		-	-	-	-	-	-	-
BALANCE AT 30 JUNE 2010		152,808	(101,054)	2,759	(1,074)	-	192	53,631
BALANCE AT 1 JULY 2010		152,808	(101,054)	2,759	(1,074)	-	192	53,631
Shares issued during the year		127,788	-	-	-	-	-	127,788
Transaction costs		(3,511)	-	-	-	-	-	(3,511)
Cancellation of shares		(1,743)	-	-	-	-	-	(1,743)
Total comprehensive income for the period		-	4,905	163	122	-	-	5,190
SUB-TOTAL		275,342	(96,149)	2,922	(952)	-	192	181,355
Dividends paid or provided for		-	-	-	-	-	-	-
Transfer profit reserve on foreign deferred tax		-	(1,292)	-	-	1,292	-	-
BALANCE AT 30 JUNE 2011		275,342	(97,441)	2,922	(952)	1,292	192	181,355

**Consolidated Statement of Cash Flows**  
for the year ended 30 June 2011

	Note	Consolidated Group 2011 \$000	Consolidated Group 2010 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		221,300	309,767
Payments to suppliers and employees		(237,519)	(249,079)
Interest received		332	324
Finance costs		(8,621)	(12,575)
Income tax paid		(1,077)	(7,809)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	10	<b>(25,585)</b>	<b>40,628</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		2,303	6,622
Proceeds from disposal of entities	10	1,113	8,086
Purchase of non-current assets		(31,875)	(19,413)
Payment for subsidiary, net of cash acquired	10	-	(9,998)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		<b>(28,459)</b>	<b>(14,703)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		102,117	33,585
Proceeds from borrowings		-	15,342
Repayment of borrowings		(25,906)	(64,373)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		<b>76,211</b>	<b>(15,446)</b>
Net increase/ (decrease) in cash held		22,167	10,479
Cash at beginning of financial year		(11,623)	(22,102)
<b>CASH AT END OF FINANCIAL YEAR</b>	10	<b>10,544</b>	<b>(11,623)</b>

**Notes to the Financial Statements**  
for the year ended 30 June 2011

**Note 1 – Revenue**

	Consolidated Group 2011 \$000	Consolidated Group 2010 \$000
<b>SALES REVENUE</b>		
Sales of goods and services	198,935	186,330
<b>TOTAL SALES REVENUE</b>	<b>198,935</b>	<b>186,330</b>
<b>OTHER REVENUE</b>		
Interest received	332	324
Fuel rebates	28	2,025
<b>TOTAL OTHER REVENUE</b>	<b>360</b>	<b>2,349</b>
<b>TOTAL SALES REVENUE AND OTHER REVENUE</b>	<b>199,295</b>	<b>188,679</b>
<b>OTHER INCOME</b>		
Gain on disposal of property, plant and equipment	661	857
Gains on foreign exchange	1,579	2,523
<b>TOTAL OTHER INCOME</b>	<b>2,240</b>	<b>3,380</b>
a. Interest revenue from:		
Other persons	332	324
<b>TOTAL INTEREST REVENUE</b>	<b>332</b>	<b>324</b>



## Note 2 – Profit for the Year

	Consolidated Group 2011 \$000	Consolidated Group 2010 \$000
(a) EXPENSES		
Cost of sales	114,478	134,978
FINANCE COSTS		
Interest – external	8,618	13,122
Other finance costs	840	2,500
TOTAL FINANCE COSTS	9,458	15,622
EMPLOYEE SUPERANNUATION EXPENSE		
Defined contribution plan	4,789	5,511
TOTAL EMPLOYEE SUPERANNUATION EXPENSE	4,789	5,511
BAD AND DOUBTFUL DEBTS		
Trade receivables	748	248
TOTAL BAD AND DOUBTFUL DEBTS	748	248
RENTAL EXPENSE ON OPERATING LEASES		
Minimum lease payments	8,292	9,731
TOTAL RENTAL EXPENSE ON OPERATING LEASES	8,292	9,731
Impairment of property, plant and equipment	-	11,491
Goodwill written off	-	44,224
Write-down of inventories to net realisable value	-	12,575
Write-off obsolete stock	-	5,199
Loss on sale of locomotives to P&O Trans Australia	-	6,000
(b) SIGNIFICANT REVENUE AND EXPENSES		
The following significant revenue and expense items are relevant in explaining the financial performance:		
Disposal of entities:		
Consideration on disposal of entities	2,717	6,761
Net book value of assets and liabilities disposed	(2,689)	(16,993)
NET PROFIT / ( LOSS) ON DISPOSAL OF ENTITIES	28	(10,232)

### Note 3 – Discontinued Operations

#### Claw Environmental

On 2 July 2010, the Consolidated Group announced its decision to dispose of Claw Environmental – a business unit of Coote Investments Pty Ltd, thereby discontinuing its operations in this business segment.

Financial information relating to the discontinued operation to the date of disposal is set out below.

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

	2011 \$000
Revenue	2
Raw materials and consumables used	(5)
Employee benefits expense	(29)
Depreciation and amortisation expense	(46)
Write-back of impairment of property, plant and equipment	300
Finance costs	(20)
Insurances	-
Rent and outgoing	(5)
Vehicle expenses	(3)
Other expenses	(200)
LOSS BEFORE INCOME TAX	(6)
Income tax expense	17
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY	11
TOTAL PROFIT AFTER TAX ATTRIBUTABLE TO THE DISCONTINUED OPERATION	11

#### FCD Logistics Pty Ltd

On 14 January 2011, the Consolidated Group announced its decision to dispose of its container depot operations entity of FCD Logistics Pty Ltd, thereby discontinuing its operations in this business segment.

Financial information relating to the discontinued operation to the date of disposal is set out below.

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

	2011 \$000
Revenue	2,937
Raw materials and consumables used	(549)
Employee benefits expense	(1,955)
Depreciation and amortisation expense	(355)
Finance costs	(346)
Insurances	(98)
Rent and outgoing	(290)
Vehicle expenses	(101)
Other expenses	(829)
LOSS BEFORE INCOME TAX	(1,586)
Income tax expense	476
LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY	(1,110)
Profit on sale before income tax	843
PROFIT ON SALE AFTER INCOME TAX	843
TOTAL LOSS AFTER TAX ATTRIBUTABLE TO THE DISCONTINUED OPERATION	(267)

### Note 3- Discontinued Operations (cont'd)

#### Eden Cryogenics LLC

On 22 February 2011, the Consolidated Group announced its decision to dispose of Eden Cryogenics LLC, thereby discontinuing its operations in this business segment.

Financial information relating to the discontinued operation to the date of disposal is set out below.

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

	2011 \$000
Revenue	5,118
Raw materials and consumables used	(3,148)
Employee benefits expense	(1,526)
Depreciation and amortisation expense	(121)
Finance costs	(14)
Insurances	(57)
Rent and outgoings	(138)
Vehicle expenses	(2)
Other expenses	(720)
LOSS BEFORE INCOME TAX	(608)
Income tax expense	(3)
LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY	(611)
Loss on sale before income tax	(815)
LOSS ON SALE AFTER INCOME TAX	(815)
TOTAL LOSS AFTER TAX ATTRIBUTABLE TO THE DISCONTINUED OPERATION	(1,426)

#### South Spur Rail Services Pty Ltd

On 11 June 2010, the Consolidated Group announced its decision to dispose of South Spur Rail Services Pty Ltd, thereby discontinuing its operations in this business segment.

Financial information relating to the discontinued operation to the date of disposal is set out below.

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

	2010 \$000
Revenue	35,652
Employee benefits expense	(12,778)
Depreciation and amortisation expense	(639)
Finance costs	(225)
Insurances	(1,179)
Rent and outgoings	(1,102)
Vehicle expenses	(334)
Fuel	(183)
Other expenses	(24,072)
LOSS BEFORE INCOME TAX	(4,860)
Income tax expense	1,451
LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY	(3,409)
Loss on sale before income tax	(6,823)
LOSS ON SALE AFTER INCOME TAX	(6,823)
TOTAL LOSS AFTER TAX ATTRIBUTABLE TO THE DISCONTINUED OPERATION	(10,232)

## Note 4 – Dividends

The Directors have decided not to declare a final dividend.

	Consolidated Group 2011 \$000	Consolidated Group 2010 \$000
(a) DECLARED AND PAID		
Final fully franked ordinary dividend of nil (2010: nil) cents per share franked at the tax rate of 30% (2010: 30%)	-	-
	-	-
(b) FRANKING CREDIT BALANCE		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30% (2010: 30%)	10,939	9,274
	10,939	9,274

## Note 5 – Earnings per Share

	Consolidated Group 2011 \$000	Consolidated Group 2010 \$000
(a) RECONCILIATION OF EARNINGS TO PROFIT OR LOSS		
Profit/(Loss)	5,068	(116,996)
Profit/(Loss) attributable to non-controlling equity interest	(163)	526
Earnings used to calculate basic EPS	4,905	(116,470)
Earnings used in the calculation of dilutive EPS	4,905	(116,470)
(b) RECONCILIATION OF EARNINGS TO PROFIT OR LOSS FROM CONTINUING OPERATIONS		
Profit/(Loss) from continuing operations	6,750	(106,764)
Profit/(Loss) attributable to non-controlling equity interest in respect of continuing operations	(163)	526
Earnings used to calculate basic EPS from continuing operations	6,587	(106,238)
Earnings used in the calculation of dilutive EPS from continuing operations	6,587	(106,238)
(c) RECONCILIATION OF EARNINGS TO PROFIT OR LOSS FROM DISCONTINUING OPERATIONS		
Profit/(Loss) from discontinuing operations	(1,682)	(10,232)
Profit/(Loss) attributable to non-controlling equity interest from discontinuing operations	-	-
Earnings used to calculate basic EPS from discontinuing operations	(1,682)	(10,232)
Earnings used in the calculation of dilutive EPS from discontinuing operations	(1,682)	(10,232)
(d) WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE YEAR USED IN CALCULATING BASIC EPS	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares outstanding	716,384	199,595
Weighted average number of options outstanding	3,000	5,062
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	719,384	204,657

## Note 6 – Controlled Entities

**Note:** Subsidiaries are indented beneath their parent entity

	Country of Incorporation	Date of Control	Percentage Owned 2011	Percentage Owned 2010
Engenco Ltd	Australia			
▪ Convair Engineering Pty Ltd	Australia	1 Jul 06	100	100
▪ Coote Logistics Pty Ltd	Australia	1 Jul 06	100	100
• Asset Kinetics Pty Ltd	Australia	1 Jul 06	100	100
• FCD Logistics Pty Ltd aff Fremantle Container Depot (1996) Unit Trust	(a) Australia	1 Jul 07	0	100
▪ Coote Investments Pty Ltd	Australia	18 Apr 07	100	100
• Australian Rail Mining Services Pty Ltd	Australia	30 Apr 07	100	100
• Centre for Excellence in Rail Training Pty Ltd	Australia	30 Apr 07	100	100
• Midland Railway Company Pty Ltd	Australia	30 Apr 07	100	100
• Momentum Rail (Vic) Pty Ltd	Australia	30 Apr 07	100	100
• Momentum Rail (WA) Pty Ltd	Australia	30 Apr 07	100	100
• Southern and Silverton Railway Pty Ltd	Australia	30 Apr 07	100	100
• South Spur Rail Services NSW Pty Ltd	Australia	30 Apr 07	100	100
• Sydney Railway Company Pty Ltd	Australia	30 Apr 07	100	100
▪ Drivetrain Power and Propulsion Pty Ltd	Australia	1 Jul 06	100	100
• Drivetrain Australia Pty Ltd	Australia	1 Jul 06	100	100
* DTPP Energy Pty Ltd	Australia	25 May 10	100	100
* Drivetrain Philippines Inc	Philippines	1 Jul 07	100	100
* Drivetrain Singapore Pte Ltd	Singapore	1 Jul 07	100	100
* Drivetrain Limited	New Zealand	1 Jul 07	100	100
* Drivetrain USA Inc	USA	31 Dec 08	100	100
* Hyradix Inc	USA	31 Dec 08	100	100
* Eden Cryogenics LLC	(a) USA	31 Dec 08	0	100
• Hedemora Investments AB	Sweden	1 Jul 06	100	100
* Drivetrain Sweden AB (formerly Hedemora Diesel AB)	Sweden	1 Jul 06	100	100
▪ Gemco Rail Pty Ltd	Australia	1 Jul 07	100	100
• Railway Bearings Refurbishment Services Pty Ltd	Australia	1 Jul 07	100	100
• Greentrains Leasing Pty Ltd	Australia	18 Jun 08	100	100
• New RTS Pty Ltd	Australia	3 Dec 08	100	100
▪ Greentrains Ltd	Australia	17 Jul 09	81	81
▪ Hedemora Pty Ltd	Australia	1 Jul 06	100	100
▪ Industrial Powertrain Pty Ltd	Australia	1 Jul 07	100	100
• P C Diesel Pty Ltd	Australia	1 Jul 06	100	100
▪ Total Momentum Pty Ltd	Australia	30 Apr 07	100	100

### (a) Sales and Disposals

On 14 of January 2011, our controlled entity Coote Logistics Pty Ltd sold its 100% shareholding in FCD Logistics Pty Ltd.

On 22 of February 2011, our controlled entity Drivetrain USA Inc sold its 100% shareholding in Eden Cryogenics LLC.

## Note 7 – Intangible Assets

	Consolidated Group 2011 \$000	Consolidated Group 2010 \$000
<b>GOODWILL</b>		
<i>Cost:</i>		
Opening balance	37,277	84,719
Additional costs on previously acquired subsidiaries	-	1,080
Impairment for the year	-	(44,224)
Divestment through subsidiaries sold	(1,005)	(4,958)
Acquisition through subsidiaries acquired	-	660
Closing balance	36,272	37,277
<b>CUSTOMER RELATED INTANGIBLES</b>		
<i>Cost:</i>		
Opening balance	14,494	15,614
Additions	-	1
Acquisitions through subsidiaries acquired	-	(1,121)
Closing balance	14,494	14,494
<i>Accumulated amortisation:</i>		
Opening balance	(4,451)	(2,917)
Amortisation for the year	(1,529)	(1,534)
Closing balance	(5,980)	(4,451)
Net book value	8,514	10,043
<b>PATENTS AND TRADEMARKS</b>		
<i>Cost:</i>		
Opening balance	1,227	1,227
Additions	-	-
Acquisitions through subsidiaries acquired	-	-
Foreign exchange movement	-	-
Closing balance	1,227	1,227
<i>Accumulated amortisation:</i>		
Opening balance	(357)	-
Amortisation for the year	(100)	(357)
Closing balance	(457)	(357)
Net book value	770	870
<b>OTHER IDENTIFIABLE INTANGIBLES</b>		
<i>Cost:</i>		
Opening balance	4,105	4,105
Additions	-	-
Acquisitions through subsidiaries acquired	-	-
Closing balance	4,105	4,105
<b>TOTAL INTANGIBLE ASSETS</b>		
At cost	56,098	57,103
Accumulated amortisation	(6,437)	(4,808)
Net book value	49,661	52,295

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the income statement. Goodwill has an infinite useful life.

**Note 7 – Intangible Assets (cont'd)**

**(a) Impairment tests for cash generating units containing goodwill**

For the purpose of impairment testing, goodwill is allocated to the Consolidated Group's key businesses which represent the lowest level within the Consolidated Group at which goodwill is monitored for internal management purposes as follows:

	Consolidated Group 2011 \$000	Consolidated Group 2010 \$000
GOODWILL		
Convair	1,889	1,889
Drivetrain Australia	9,265	9,265
Drivetrain Sweden	9,520	9,520
Drivetrain USA	-	1,005
Gemco Rail	3,813	3,813
Momentum	11,125	11,125
Greentrains	660	660
<b>TOTAL GOODWILL</b>	<b>36,272</b>	<b>37,277</b>

The recoverable amount of the cash generating unit is based on value in use calculations. The calculations use cash flow projections based on the following year's budget and plan, extended over a period of 5 years using a growth factor relevant to the sector and business plan. A pre-tax discount rate is applied adjusted for the risk of the industry in which each unit operates.

**(b) Key assumptions used for value in use calculations**

A growth rate to reflect business efficiencies and market growth opportunities has been used to extrapolate cash flows. The growth rate does not exceed the long-term average growth rate for the business in which the cash generating units operate.

A pre-tax discount rate of 23.5% has been applied to discount the forecast future attributable pre-tax cash flows. The discount rate reflects specific risks relating to the relevant cash generating units in their country of operation.

The recoverable amount of each cash generating unit exceeds the carrying amount of the gross assets of that unit.

## Note 8 – Issued Capital

	Consolidated Group 2011 \$000	Consolidated Group 2010 \$000
1,242,242,634 (2010: 266,438,788) fully paid ordinary shares with no par value	275,342	152,808
	275,342	152,808

### (a) Ordinary Shares

	No.	No.
At beginning of reporting period	266,438,788	123,075,146
Shares issued during year		
24 Nov 09		115,384,615
9 Dec 09		23,328,894
29 Dec 09		4,650,133
14 Jul 10	266,438,788	
21 Feb 11	79,801,636	
22 Mar 11	86,001,111	
30 Mar 11	543,848,189	
4 April 11	564,122	
Shares cancelled during the year		
3 Sep 10	(850,000)	
At reporting date	1,242,242,634	266,438,788

Date	No.	Price	Description
14 Jul 10	266,438,788	\$0.16	Shares issued pursuant to a non-renounceable entitlement offer
21 Feb 11	79,801,636	\$0.12	Shares issued to institutional and sophisticated investors
22 Mar 11	86,001,111	\$0.12	Shares issued to institutional and sophisticated investors
30 Mar 11	543,848,189	\$0.12	Shares issued pursuant to a non-renounceable entitlement offer
4 Apr 11	564,122	\$0.13	Shares issued to institutional and sophisticated investors

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 on issue.

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.

### (b) Options

At 30 June 2011, 3,000,000 (2010: 3,000,000) options were on issue. No options were exercised during this financial year.

### (c) Capital Management

Management monitors the capital of the Consolidated Group in an effort to maintain an appropriate debt to equity ratio, provide shareholders with adequate returns and ensure that the Consolidated Group can fund its operations and continue as a going concern.



## Note 8 - Issued Capital (cont'd)

The Consolidated Group's debt and capital includes ordinary shares and financial liabilities. The gearing ratios for the year ended 30 June 2011 are as follows:

	Consolidated Group 2011 \$000	Consolidated Group 2010 \$000
Total Borrowings	53,373	113,183
Net Debt	39,275	110,456
Total Equity	181,355	53,631
Total Capital	220,630	164,087
Gearing Ratio	22%	206%

The gearing ratio has decreased substantially in FY2011 as compared to FY2010. This has been due to a significant reduction in debt and an increase in equity following the successful completion of several capital raisings during the year.

## Note 9 - Segment Reporting

### (i) Segment Performance

#### Year ended 30 June 2011

Primary Reporting: Business Segments	Drivetrain Power & Propulsion \$000	CERT \$000	Convair \$000	Coote Logistics \$000	Momentum \$000	Gemco Rail \$000	Green- trains \$000	Coote Invest- ments \$000	Consol. Group \$000
REVENUE									
External Sales	93,845	3,726	15,769	257	25,926	50,336	9,314	-	199,173
Inter-segment sales	1,527	64	-	102	1,287	1,228	-	-	4,208
Interest revenue	88	-	3	-	-	31	-	-	122
TOTAL SEGMENT REVENUE	95,460	3,790	15,772	359	27,213	51,595	9,314	-	203,503
<i>Reconciliation of segment revenue to group revenue</i>									
Inter-segment elimination									(4,208)
TOTAL GROUP REVENUE									199,295
SEGMENT NET PROFIT BEFORE TAX	19,778	729	2,183	204	3,540	2,388	7,563	-	36,385
Reconciliation of segment group net profit/(loss) before tax:									
<i>Amounts not included in segment result but reviewed by Board:</i>									
Depreciation and amortisation	(1,716)	(23)	(94)	(117)	(592)	(1,255)	(3,613)	-	(7,410)
Impairment of property, plant and equipment	108	-	-	459	-	-	-	-	567
<i>Unallocated items</i>									
Finance costs									(9,458)
Depreciation and amortisation									(2,750)
Other									(7,244)
NET PROFIT BEFORE TAX FROM CONTINUING OPERATIONS									10,090

**Note 9 – Segment Reporting (cont'd)**

**Year ended 30 June 2010**

Primary Reporting: Business Segments	<b>Drivetrain Power &amp; Propulsion</b>	<b>CERT</b>	<b>Convair</b>	<b>Coote Logistics</b>	<b>Momentum</b>	<b>Gemco Rail</b>	<b>Green- trains</b>	<b>Coote Invest- ments</b>	<b>Consol. Group</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>REVENUE</b>									
External Sales	100,652	3,565	8,552	12,676	23,402	25,209	13,019	1,280	188,355
Inter-segment sales	2,522	108	-	454	672	10,719	-	-	14,475
Interest revenue	29	-	4	-	-	291	-	-	324
<b>TOTAL SEGMENT REVENUE</b>	<b>103,203</b>	<b>3,673</b>	<b>8,556</b>	<b>13,130</b>	<b>24,074</b>	<b>36,219</b>	<b>13,019</b>	<b>1,280</b>	<b>203,154</b>
<i>Reconciliation of segment revenue to group revenue</i>									
Inter-segment elimination									(14,475)
<b>TOTAL GROUP REVENUE</b>									<b>188,679</b>
<b>SEGMENT NET PROFIT BEFORE TAX</b>	<b>8,528</b>	<b>622</b>	<b>877</b>	<b>(10,641)</b>	<b>2,131</b>	<b>(20,948)</b>	<b>10,850</b>	<b>(515)</b>	<b>(9,096)</b>
Reconciliation of segment group net profit/(loss) before tax:									
<i>Amounts not included in segment result but reviewed by Board:</i>									
Depreciation and amortisation	(2,576)	(23)	(103)	(1,279)	(557)	(2,447)	(3,715)	(179)	(10,879)
Impairment of property, plant and equipment	860	-	-	(460)	-	(8,671)	(2,920)	(300)	(11,491)
<i>Unallocated items:</i>									
Finance costs									(15,622)
Depreciation and amortisation									(2,180)
Goodwill write-down									(44,224)
Other									(8,013)
<b>NET PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>									<b>(101,505)</b>

## Note 10 – Cash Flow Information

### (a) Reconciliation of Cash at End of Financial Year

	2011 \$000	2010 \$000
Cash and cash equivalents	14,098	2,727
Bank overdrafts (disclosed in current 'Financial Liabilities')	(3,554)	(14,350)
<b>CASH AT END OF FINANCIAL YEAR</b>	<b>10,544</b>	<b>(11,623)</b>

### (b) Reconciliation of Cash Flows from Operations with Profit after Income Tax

	2011 \$000	2010 \$000
PROFIT (LOSS) AFTER INCOME TAX	4,905	(116,470)
NON-CASH FLOWS IN PROFIT		
- Amortisation / Impairment	762	13,382
- Goodwill write-down	-	44,224
- Depreciation	9,053	11,807
- Net gain (loss) on disposal of property, plant and equipment	(42)	(647)
- Income tax credit	(810)	-
- Minority interest	163	(526)
CHANGES IN ASSETS AND LIABILITIES		
Changes in assets and liabilities, net of the effects of purchase of subsidiaries		
- (Increase)/decrease in trade and term receivables	(8,945)	66,944
- (Increase)/decrease in prepayments	517	(87)
- (Increase)/decrease in inventories	(7,238)	18,708
- Increase/(decrease) in trade payables and accruals	(23,043)	14,340
- Increase/(decrease) in income taxes payable	6,741	(5,433)
- Increase/(decrease) in deferred taxes payable	(4,158)	1,433
- Increase/(decrease) in provisions	(3,490)	(7,047)
<b>CASH FLOW FROM OPERATIONS</b>	<b>(25,585)</b>	<b>40,628</b>

**Note 10 - Cash Flow Information (cont'd)**

**(c) Disposal of Entities**

**(i) FCD Logistics Pty Ltd**

On 14 January 2011 the controlled entity FCD Logistics Pty Ltd was sold. Aggregate details of this transaction are:

	\$000
<b>DISPOSAL PRICE:</b>	
Cash received	1,112
Vendor Finance	1,604
<b>TOTAL SALE CONSIDERATION</b>	<b>2,716</b>

Net book value of assets and liabilities disposed:

	\$000
Receivables	718
Inventories / WIP	266
Property, plant and equipment	1,927
Payables	(360)
Hire Purchase liabilities	(645)
Employee benefit liabilities including superannuation	(33)
Sub-total	1,873
<b>NET GAIN / (LOSS) ON DISPOSAL</b>	<b>843</b>

**(ii) Eden Cryogenics LLC**

On 22 February 2011 the controlled entity Eden Cryogenics LLC was sold. Aggregate details of this transaction are:

	\$000
<b>DISPOSAL PRICE:</b>	
Cash received	1
<b>TOTAL SALE CONSIDERATION</b>	<b>1</b>

Net book value of assets and liabilities disposed:

	\$000
Goodwill	1,008
Receivables	748
Inventories / WIP	1,083
Property, plant and equipment	656
Payables	(2,600)
Employee benefit liabilities including superannuation	(79)
Sub-total	816
<b>NET GAIN / (LOSS) ON DISPOSAL</b>	<b>(815)</b>

## Note 11 – Net Tangible Assets

	2011 Cents	2010 Cents
Net tangible assets per share: (2011: 1,242,242,634 shares, 2010: 266,438,788 shares)	11	0.5

## Note 12 – Events Subsequent to Reporting Date

### Debt Refinancing

On 1 August 2011 debt facilities with the Commonwealth Bank of Australia were refinanced for a further term of two years. The new facilities comprise a Revolving Cash Advance Facility (\$20.2m) together with a Multi Option Facility (\$12.5m) comprising cash advances, bank guarantees, letters of credit, business cards and other trade products. These facilities do not include the loan from the Commonwealth Bank of Australia to Greentrains Limited which is a separate facility that does not mature until July 2012.

### Lease Surrender

On 19 August 2011 Coote Logistics Pty Ltd made a one-off payment as way of compensation to release the company from all lease obligations on the property leased at 2 Jones Street, O'Connor, Fremantle.

## Note 13 – Compliance Statement

This preliminary report is based on financial statements that are in the process of being audited.

## Corporate Directory

### Corporate Headquarters

**Engenco Limited**  
Level 22  
535 Bourke Street  
Melbourne VIC 3000  
T: +61 (0)3 8620 8900  
F: +61 (0)3 8620 8999  
[investor.relations@engenco.com.au](mailto:investor.relations@engenco.com.au)  
[www.engenco.com.au](http://www.engenco.com.au)

### Registered Office

Level 1, 10 Kings Park Road  
West Perth WA 6005  
T: +61 (0)8 9226 4500  
F: +61 (0)8 9216 4300

### 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), B.Com, FCILT, FAIM,  
FIEAust, FIRSE, MAICD  
Non-Executive Director

### Company Secretary

Gary Jean: BBus, CA, MBA  
Chief Financial Officer

### Auditors

**Bentleys**  
Level 1, 12 Kings Park Road  
West Perth WA 6005  
T: +61 (0)8 9226 4500  
F: +61 (0)8 9216 4300

### Share Registry

**Security Transfer Registrars Pty Ltd**  
770 Canning Highway  
Applecross WA 6153  
T: +61 (0)8 9315 2333  
F: +61 (0)8 9315 2233