



ASX ANNOUNCEMENT

9 November 2011

2011 AGM Chairman Address

Engenco Limited (ASX:EGN) (**Company**) attaches a copy of the Chairman's address at the 2011 Annual General Meeting for the Company held on 9 November 2011.

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Engenco Limited

Annual General Meeting – 9 November 2011

Address to Shareholders by Dale Elphinstone, Chairman

At last year's AGM, we said the turnaround of the Company's fortunes would not be a quick exercise but it would be part of a 3 – 5 year plan.

We have just completed the first year of the plan and we are very pleased with the progress made so far in what has been a very busy year.

I would like to highlight a few of the key achievements which our Managing Director, Vince De Santis will elaborate upon later.

First of all and most importantly, during the past year your Company once again returned to profitability albeit modest. This was particularly pleasing given the challenges we faced at the start of the year with some businesses still suffering the after effects of having operated in a working capital constrained environment over an extended period.

Profit after tax was \$5.1 million however after excluding discontinued operations and one-off adjustments, this was \$6.8 million compared with a loss of \$21.2 million in 2010.

Our balance sheet was substantially strengthened with a very successful capital raising in the second half of the year. Apart from giving the Company the flexibility to pursue the right growth opportunities as they arise, the moneys raised also allowed Engenco's leverage to be substantially reduced to a far more sustainable level.

Our gearing fell from 196% to 21% with net debt almost one third of what it was a year earlier.

One of the key messages we have received from many meetings over the past year with those who have either been shareholders or who were interested in investing was they liked the key underlying businesses and saw great potential but there were also so many other things going on in the Company that they did not really understand the overall business and its direction.

We have and continue to work on streamlining the Company's organisational structure with this now comprised of two segments, namely Power & Propulsion and Rail & Road.

Our actions towards achieving this have included the disposal of non-core operations so that the group can focus its effort and resources on its core strengths and capabilities.

Engenco's operations collectively service the resources, defence, transport and power generation sectors across Australia and in a number of strategic overseas locations.

Global financial markets have been extremely volatile for quite some time which we all continue to observe with the latest Greek debt issues. While these problems seem distant from the Australian economy, they do have an impact even if it is simply the effect they have on market confidence which influences decision making. This simply means we need to work with greater diligence to improve our efficiency and competitiveness while carefully managing any risks.

Having said this, your Company is well positioned to benefit from the expected ongoing demand for Australian natural resources, investment in infrastructure and equipment and the ongoing pursuit for energy efficiency. These factors will positively affect both the Rail & Road and Power & Propulsion business streams.

The Australian operations of Drivetrain Power & Propulsion went live with SAP from the beginning of this current financial year and with Gemco Rail currently planning to go to SAP in the first half of the 2012 calendar year, it will mean that by the end of the financial year we will, for the first time since listing, have the entire group operating on a single enterprise resource planning and finance platform.

Shortly before the 2010 AGM, Mr Ross Dunning AC was appointed to the Board. Both Ross and Dr Don Hector are today standing for re-election which the Board unanimously supports. While taking care not to blur the lines between executive and non-executive duties and responsibilities, your Board has and will continue to be an active Board working with and liaising with employees and management where appropriate and where we can add value. We believe this type of interaction will lead to better corporate governance with a Board that really is in touch with the business.

The role of Vince De Santis as Managing Director has always been noted as an interim role. We think Vince has been the right person and has done an outstanding job of guiding the Company through a very challenging period and I want us to acknowledge the dedication, commitment and personal sacrifices Vince has made to achieve the progress that has been made over the past 15 months. An executive search process is currently underway and we expect to announce a permanent CEO appointment sometime over the next few weeks.

Your Board remains committed to realising the great potential of our businesses and in doing so, delivering value to our shareholders. With the right focus, structure and most importantly the right people, this will become a reality.

The market's current assessment of the Company in terms of share price is disappointing given the considerable achievements over the past year although somewhat expected with the current volatility of financial markets in which the prevailing sentiment towards smaller equities appears to be less than positive.

This however does not change your Board's approach which will be to continue to focus on realising the great potential of the Engenco businesses and building on the solid start we have made over the past year.

The progress made to date would of course not have been possible without the commitment and dedication of our people to whom we extend our sincere thanks and appreciation. Today Engenco directly employs more than 600 people across a number of locations both in Australia and overseas.

We also extend our thanks to our customers, suppliers and financiers for their continued support.

Last but most importantly, we thank each of our loyal shareholders for their patience and commitment to our future growth strategy.

We will now deal with the formal business of the day and resolutions contained in the notice of meeting, before inviting Vince De Santis to provide an overview of the 2011 financial year and the outlook for this current year.

Thank you.

Dale Elphinstone

Chairman