

ASX ANNOUNCEMENT

4 May 2012

Market update

Engenco Limited (ASX: EGN) (**Company**) today provided an update on its outlook and expectations for the full year ending 30 June 2012.

In previous announcements, the Company noted that its full year results for FY2012 were heavily dependent on a revenue stream weighted towards the second half of the financial year. In addition, it was noted that first half performance was negatively impacted by delayed project commencements and awarding of new orders.

Although the Company does not normally provide earnings guidance, a number of events and circumstances are now expected to have a material impact on full year earnings. Specifically these include:

- Delays in settling ongoing commercial issues linked to historical contracts with some major customers in the rail business.
- Lower than forecast revenue growth in the second half, particularly related to the timing of OEM diesel engine parts sales and large engine overhauls.
- A delay in commissioning Gemco Rail's new wheel lathe in Western Australia, in part due to control software compatibility factors. The new plant is now expected to be in production closer to year end than planned and the full impact of productivity gains will flow into 2012/2013.

Despite these challenges, CEO Dennis Quinn is confident the Company remains on the right path in its 3 – 5 year turnaround plan. “Our second half profit is forecast to be better than our first half.” said Mr Quinn, “The extent of the improvement will be heavily dependent on the timing of engine parts sales. There has been a significant restructure and investment in the business. The final step in the rollout of the SAP system was completed in April, the new management team is largely in place, and investments in machinery will continue to improve operational efficiencies. However the positive impact of these elements is taking longer than anticipated to be reflected in our results. Given that our market segments remain strong we expect the 2013 result to be materially better.”

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Change of Registered Office

The Company further advises that it has changed its registered office address, principal place of business address and contact details as follows:

Registered Office

Level 22
535 Bourke Street
Melbourne Victoria 3000

Principal Place of Business

Level 22
535 Bourke Street
Melbourne Victoria 3000

Postal Address and Contact Details

Level 22
535 Bourke Street
Melbourne Victoria 3000
Phone: +61 3 8620 8900
Fax: +61 3 8620 8999

About Engenco Limited

Engenco (EGN) specializes in:

- Maintenance, repair and overhaul of heavy duty engines, powertrain and propulsion systems
- Maintenance, repair and overhaul of locomotives
- Manufacture and maintenance of wagons, carriages and associated rail equipment
- Project management, training and workforce provisioning services
- Manufacture and supply of road transport and storage tankers for dry bulk products
- Leasing of locomotives, wagons and other rail equipment

Engenco services a diverse client base across the defense, resources, marine, power generation, rail, heavy industrial, mining and infrastructure sectors. EGN employs around 600 people (excluding contractors) operating from more than twenty locations in seven countries.

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