



Preliminary Final Report

Full Year Ended 30 June 2012

Contents

Appendix 4E (Rule 4.3A)	1
Results for Announcement to the Market	1
Consolidated Statement of Comprehensive Income	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Equity	5
Consolidated Statement of Cash Flows	6
Notes to the Financial Statements	7
Note 1 – Revenue	7
Note 2 – Profit for the Year	8
Note 3 – Dividends	9
Note 4 – Earnings per Share	9
Note 5 – Controlled Entities	10
Note 6 – Intangible Assets	11
Note 7 – Issued Capital	13
Note 8 – Segment Reporting	14
Note 9 – Cash Flow Information	16
Note 10 – Net Tangible Assets	16
Note 11 – Compliance Statement	16
Corporate Directory	17

Appendix 4E (Rule 4.3A)

Results for Announcement to the Market

Name of entity: Engenco Limited ACN 120 432 144

The current reporting period is the financial year ended 30 June 2012. The previous corresponding period is the financial year ended 30 June 2011.

Revenue / Profit	Movement	Change \$000	Change %	30 Jun 12 \$000	30 Jun 11 \$000
Revenue from ordinary activities excluding discontinued operations *	Down	(98)	(0.05)%	199,197	199,295
Net profit/(loss) for the period including discontinued operations attributable to members	Down	(40,588)	(827)%	(35,683)	4,905
Net profit/(loss) for the period excluding discontinued operations and one-offs attributable to members *	Down	(8,539)	(130)%	(1,952)	6,587

* Reference to discontinued operations and one-offs excludes results of disposed entities, 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 12 Cents	30 Jun 11 Cents
Net tangible assets per share	81.6	105.1

Audit Status

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

Overview

- Revenue streams from core business remains stable and sustainable
- Disappointing profit result on back of tight margin mix
- Final phase of asset review complete resulting in one-off adjustments of \$33.7M
- Cash position of -\$2.2M following total debt pay-down of \$5.2M
- Underlying trading loss of \$2.0M, delivering a net loss after tax of \$35.7M inclusive of one-off adjustments; down from \$4.9M profit the previous year
- Growth prospects underpinned by established market positions and core business improvement initiatives
- Operational efficiencies continue to be pursued
- Board and management remain confident of 3-5 year turnaround plan commenced in 2010

The group's underlying NPAT compared to the prior year was adversely impacted by the lower margin sales mix including some still unprofitable legacy contracts. With stability in the volume of sales the company is working hard to improve margins and the net result.

The cash position has eroded as the company remained committed to meet debt reduction obligations despite the lower than expected generation of cash. Engenco reduced total debt during the year by \$5.2M.

A further critical balance sheet review was conducted, and a number of write downs were approved by the Board. These centred mainly around inventories, namely older locomotives and associated spares and slow moving or obsolete stock in DTPP; and other items related to treatment of work in progress, goodwill impairment and provisions. Management is now confident that remaining carrying values are well supported.

Key operational highlights:

- Refinancing of Greentrains' Commonwealth Bank debt completed
- Established platform to consolidate accounting function
- Nearly all businesses operating on SAP giving better line of sight and granular reporting detail
- Appointment of CEO and CFO in second half to complete establishment of a strong corporate team
- New centralised HR and Procurement functions
- Newly established in-house Legal function

Outlook

Financial results have been below our expectations for the 2012 financial year. Management have continued to implement a series of initiatives throughout the year which will be important in setting the foundation for future growth. A strong corporate team has been established and with SAP now in place across almost all the business, the company has the ability to measure activity and results in detail and drive focussed rapid improvement. The introduction of centralised functional support staff has already made a meaningful difference to how the company manages people, contracts and legal obligations and will give cost savings that are expected to flow through to the bottom line in 2013.

Revenue is expected to grow in most streams, particularly in the rail segment where pro-active marketing efforts are resulting in further opportunities with existing and new customers.

Efficiency gains are starting to flow from investments made over the last two years which have now been brought into production, particularly in Gemco Rail. There is now a renewed focus on price management across all business segments, and the company is leveraging overhead costs and continues to drive costs out. A lower cost base and improved EBITDA margins across core business units are expected in FY13.

At the start of the improvement journey two years ago some non-core business units such as the Logistics business were divested. The company is now in a position to apply more granular analysis to areas of the businesses that have been under-performing for some time. Consequently some unprofitable revenue streams will be exited to ensure that focus is maintained on core profit drivers.

The new financial year results are projected to be materially better with NPAT of \$6-9M from ongoing business subject to current market conditions being sustained.

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	Consolidated Group 2012 \$000	Consolidated Group 2011 \$000
Revenue	1	199,197	199,295
Other income	1	2,028	2,240
Changes in inventories of finished goods and work in progress		(13,201)	7,238
Raw materials and consumables used		(104,787)	(92,484)
Employee benefits expense		(55,504)	(59,491)
Depreciation and amortisation expense		(11,006)	(10,160)
Goodwill written off	2	(3,813)	-
Impairment of property, plant and equipment	2	(3,547)	567
Finance costs	2	(5,553)	(9,458)
Subcontract freight		(1,825)	(1,960)
Repairs and maintenance		(1,543)	(1,697)
Insurances		(1,913)	(2,837)
Rent and outgoings		(9,126)	(9,659)
Vehicle expenses		(477)	(721)
Fuel		(491)	(580)
Foreign exchange movements		(399)	(332)
Other expenses		(20,648)	(9,871)
PROFIT / (LOSS) BEFORE INCOME TAX		(32,608)	10,090
Income tax expense		(2,991)	(3,340)
PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		(35,599)	6,750
Profit / (loss) from discontinued operations after tax		-	(1,682)
PROFIT / (LOSS) FOR THE PERIOD		(35,599)	5,068
Profit / (loss) attributable to:			
Members of the parent entity		(35,683)	4,905
Non-controlling interest		84	163
		(35,599)	5,068
OTHER COMPREHENSIVE INCOME			
Foreign exchange reserve movement		(290)	122
Other comprehensive income for the period, net of tax		(290)	122
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(35,889)	5,190
Total comprehensive income attributable to:			
Members of the parent entity		(35,973)	5,027
Non-controlling interest		84	163
		(35,889)	5,190
EARNINGS PER SHARE		Cents	Cents
From continuing and discontinued operations:			
Basic earnings per share (cents per share)	4	(28.66)	6.90
Diluted earnings per share (cents per share)	4	(28.66)	6.87
From continuing operations:			
Basic earnings per share (cents per share)	4	(28.66)	9.27
Diluted earnings per share (cents per share)	4	(28.66)	9.23
From discontinued operations:			
Basic earnings per share (cents per share)	4	-	(2.37)

Consolidated Statement of Financial Position
as at 30 June 2012

	Note	Consolidated Group 2012 \$000	Consolidated Group 2011 \$000
CURRENT ASSETS			
Cash and cash equivalents		15,644	14,098
Trade and other receivables		47,250	46,782
Inventories		44,710	51,002
Other current assets		1,868	3,266
TOTAL CURRENT ASSETS		109,472	115,148
NON-CURRENT ASSETS			
Trade and other receivables		513	512
Inventories		-	6,909
Financial assets		17	145
Property, plant and equipment		92,073	94,471
Deferred tax assets		8,344	8,782
Intangible assets	6	43,875	49,661
TOTAL NON-CURRENT ASSETS		144,822	160,480
TOTAL ASSETS		254,294	275,628
CURRENT LIABILITIES			
Trade and other payables		30,279	22,232
Financial liabilities		61,037	31,895
Current tax liabilities		1,972	2,993
Short-term provisions		4,352	6,121
TOTAL CURRENT LIABILITIES		97,640	63,241
NON-CURRENT LIABILITIES			
Financial liabilities		1,120	21,478
Long-term provisions		1,996	1,927
Deferred tax liabilities		1,745	1,300
TOTAL NON-CURRENT LIABILITIES		4,861	24,705
TOTAL LIABILITIES		102,501	87,946
NET ASSETS		151,793	187,682
EQUITY			
Issued capital	7	275,342	275,342
Reserves		4,025	3,290
Non-controlling interest		3,006	2,922
Retained earnings / (accumulated losses)		(130,580)	(93,872)
TOTAL EQUITY		151,793	187,682

Consolidated Statement of Changes in Equity
for the year ended 30 June 2012

Consolidated Group	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 2010	152,808	(97,485)	2,759	(1,074)	2,758	192	59,958
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	(92,580)	2,922	(952)	2,758	192	187,682
Transfer profit reserve on foreign deferred tax	-	(1,292)	-	-	1,292	-	-
BALANCE AT 30 JUNE 2011	275,342	(93,872)	2,922	(952)	4,050	192	187,682
BALANCE AT 1 JULY 2011	275,342	(93,872)	2,922	(952)	4,050	192	187,682
Shares issued during the year	-	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	-
Cancellation of shares	-	-	-	-	-	-	-
Total comprehensive income for the period	-	(35,683)	84	(290)	-	-	(35,889)
SUB-TOTAL	275,342	(129,555)	3,006	(1,242)	4,050	192	151,793
Transfer profit reserve on foreign deferred tax	-	(1,025)	-	-	1,025	-	-
BALANCE AT 30 JUNE 2012	275,342	(130,580)	3,006	(1,242)	5,075	192	151,793

Consolidated Statement of Cash Flows
for the year ended 30 June 2012

	Note	Consolidated Group 2012 \$000	Consolidated Group 2011 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		203,596	219,236
Payments to suppliers and employees		(195,237)	(235,455)
Interest received		348	332
Finance costs		(5,553)	(8,621)
Income tax paid		(4,012)	(1,077)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	9	(858)	(25,585)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		1,359	2,303
Proceeds from disposal of entities		-	1,113
Purchase of non-current assets		(7,994)	(31,875)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(6,635)	(28,459)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	102,117
Proceeds from borrowings		9,527	-
Repayment of borrowings		(14,759)	(25,906)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		(5,232)	76,211
Net increase / (decrease) in cash held		(12,725)	22,167
Cash at beginning of financial year		10,544	(11,623)
CASH AT END OF FINANCIAL YEAR	9	(2,181)	10,544

Notes to the Financial Statements

for the year ended 30 June 2012

Note 1 – Revenue

	Consolidated Group 2012 \$000	Consolidated Group 2011 \$000
SALES REVENUE		
Sales of goods and services	198,849	198,935
TOTAL SALES REVENUE	198,849	198,935
OTHER REVENUE		
Interest received	348	332
Fuel rebates	-	28
TOTAL OTHER REVENUE	348	360
TOTAL SALES REVENUE AND OTHER REVENUE	199,197	199,295
OTHER INCOME		
Gain on disposal of property, plant and equipment	124	661
Other gains (including foreign exchange)	1,904	1,579
TOTAL OTHER INCOME	2,028	2,240
a. Interest revenue from:		
Other persons	348	332
TOTAL INTEREST REVENUE	348	332

Note 2 – Profit for the Year

	Consolidated Group 2012 \$'000	Consolidated Group 2011 \$'000
(a) EXPENSES		
Cost of sales	143,063	114,478
FINANCE COSTS		
Interest – external	4,648	8,618
Other finance costs	905	840
TOTAL FINANCE COSTS	5,553	9,458
EMPLOYEE SUPERANNUATION EXPENSE		
Defined contribution plan	4,377	4,789
TOTAL EMPLOYEE SUPERANNUATION EXPENSE	4,377	4,789
BAD AND DOUBTFUL DEBTS		
Trade receivables	4,341	748
TOTAL BAD AND DOUBTFUL DEBTS	4,341	748
RENTAL EXPENSE ON OPERATING LEASES		
Minimum lease payments	7,504	8,292
TOTAL RENTAL EXPENSE ON OPERATING LEASES	7,504	8,292
Impairment / (reversal of impairment) of property, plant and equipment	3,547	(567)
Goodwill written off	3,813	-
Impairment of inventory	19,871	-

Note 3 – Dividends

The Directors have decided not to declare a final dividend.

Note 4 – Earnings per Share

	Consolidated Group 2012 \$000	Consolidated Group 2011 \$000
(a) RECONCILIATION OF EARNINGS TO PROFIT OR LOSS		
Profit/(Loss)	(35,599)	5,068
Profit/(Loss) attributable to non-controlling equity interest	(84)	(163)
Earnings used to calculate basic EPS	(35,683)	4,905
Earnings used in the calculation of dilutive EPS	(35,683)	4,905
(b) RECONCILIATION OF EARNINGS TO PROFIT OR LOSS FROM CONTINUING OPERATIONS		
Profit/(Loss) from continuing operations	(35,599)	6,750
Profit/(Loss) attributable to non-controlling equity interest in respect of continuing operations	(84)	(163)
Earnings used to calculate basic EPS from continuing operations	(35,683)	6,587
Earnings used in the calculation of dilutive EPS from continuing operations	(35,683)	6,587
(c) RECONCILIATION OF EARNINGS TO PROFIT OR LOSS FROM DISCONTINUED OPERATIONS		
Profit/(Loss) from discontinued operations	-	(1,682)
Profit/(Loss) attributable to non-controlling equity interest from discontinued operations	-	-
Earnings used to calculate basic EPS from discontinued operations	-	(1,682)
Earnings used in the calculation of dilutive EPS from discontinued operations	-	(1,682)
(d) WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE YEAR USED IN CALCULATING BASIC EPS	No. '000	No. '000
Weighted average number of ordinary shares outstanding	124,225	71,638
Weighted average number of dilutive options outstanding		300
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	124,225	71,938

Note 5 – Controlled Entities

Note: Subsidiaries are indented beneath their parent entity

	Country of Incorporation	Date of Control	Percentage Owned 2012	Percentage Owned 2011
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
▪ 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
• EGN Rail Pty Ltd (formerly Southern and Silverton Railway Pty Ltd)	Australia	30 Apr 07	100	100
• EGN Rail (NSW) Pty Ltd (formerly South Spur Rail Services (NSW) 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
• Sydney Railway Company Pty Ltd	Australia	30 Apr 07	100	100
• Greentrains Ltd *	Australia	17 Jul 09	81	81
• * Greentrains Leasing Pty Ltd	Australia	18 Jun 08	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
• ○ Drivetrain Americas Inc	USA	18 Feb 11	100	100
• * Hedemora Investments AB	Sweden	1 Jul 06	100	100
• ○ Drivetrain Sweden 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
• New RTS Pty Ltd	Australia	3 Dec 08	100	100
▪ Hedemora Pty Ltd	Australia	1 Jul 06	100	100
▪ Industrial Powertrain Pty Ltd	Australia	1 Jul 07	100	100
• PC Diesel Pty Ltd	Australia	1 Jul 06	100	100
▪ Total Momentum Pty Ltd	Australia	30 Apr 07	100	100

* Total Engenco Group ownership of Greentrains Ltd is 81% (split between Coote Investments Pty Ltd, 61%, and Engenco Ltd, 20%).

Note 6 – Intangible Assets

	Consolidated Group 2012 \$000	Consolidated Group 2011 \$000
GOODWILL		
<i>Cost:</i>		
Opening balance	36,272	37,277
Additional costs on previously acquired subsidiaries	-	-
Impairment for the year	(3,813)	-
Divestment through subsidiaries sold	-	(1,005)
Closing balance	32,459	36,272
CUSTOMER RELATED INTANGIBLES		
<i>Cost:</i>		
Opening balance	14,494	14,494
Additions	-	-
Acquisitions through subsidiaries acquired	-	-
Closing balance	14,494	14,494
<i>Accumulated amortisation:</i>		
Opening balance	(5,980)	(4,451)
Amortisation for the year	(1,497)	(1,529)
Closing balance	(7,477)	(5,980)
Net book value	7,017	8,514
PATENTS AND TRADEMARKS		
<i>Cost:</i>		
Opening balance	1,227	1,227
Additions	-	-
Closing balance	1,227	1,227
<i>Accumulated amortisation:</i>		
Opening balance	(457)	(357)
Amortisation for the year	(96)	(100)
Closing balance	(553)	(457)
Net book value	674	770
OTHER IDENTIFIABLE INTANGIBLES		
<i>Cost:</i>		
Opening balance	4,105	4,105
Additions	-	-
Acquisitions through subsidiaries acquired	-	-
Closing balance	4,105	4,105
<i>Accumulated amortisation:</i>		
Opening balance	-	-
Amortisation for the year	(380)	-
Closing balance	(380)	-
Net book value	3,725	-
TOTAL INTANGIBLE ASSETS		
At cost	52,285	56,098
Accumulated amortisation	(8,410)	(6,437)
Net book value	43,875	49,661

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 6 – 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 2012 \$000	Consolidated Group 2011 \$000
GOODWILL		
Convair	1,889	1,889
Drivetrain Australia	9,265	9,265
Drivetrain Sweden	9,520	9,520
Gemco Rail	-	3,813
Momentum	11,125	11,125
Greentrains	660	660
TOTAL GOODWILL	32,459	36,272

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 3 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 between 9.5% and 15.1% 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 7 – Issued Capital

	Consolidated Group 2012 \$000	Consolidated Group 2011 \$000
124,224,766 (2011: 1,242,242,634) fully paid ordinary shares with no par value	275,342	275,342
	275,342	275,342

(a) Ordinary Shares

	No.	No.
At beginning of reporting period	1,242,242,634	266,438,788
Shares issued during year		
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 Apr 11		564,122
Shares cancelled or consolidated during the year		
18 Nov 11	(1,118,017,868)	
3 Sep 10		(850,000)
At reporting date	124,224,766	1,242,242,634

Date	No.	Price	Description
18 Nov 11	(1,118,017,868)	n/a	10:1 share consolidation

At the Engenco Limited Annual General Meeting held 9 November 2011, shareholders approved the share consolidation whereby every ten (10) fully paid ordinary shares on issue were consolidated into one (1) fully paid ordinary share as at 18 November 2011.

Where the consolidation resulted in a shareholder being entitled to a fraction of a share, the total shareholding was rounded up to the next whole number.

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 2012, 100,000 (2011: 300,000) 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 7 - 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 2012 are as follows:

	Consolidated Group 2012 \$000	Consolidated Group 2011 \$000
Total Borrowings	62,158	53,373
Net Debt	46,514	39,275
Total Equity	151,793	187,683
Total Capital	198,307	226,958
Gearing Ratio	31%	21%

The gearing ratio has increased in the year due to higher debt levels and the losses made during the year.

Note 8 – Segment Reporting

(i) Segment Performance

Year ended 30 June 2012

Primary Reporting: Business Segments	Drivetrain Power & Propulsion \$000	CERT \$000	Convair \$000	Coote Logistics \$000	Momentum \$000	Gemco Rail \$000	Green-trains \$000	Coote Investments	All Other	Consol. Group \$000
REVENUE										
External Sales	93,394	5,227	18,722	98	19,927	51,369	9,832	-	280	198,849
Inter-segment sales	603	80	-	-	1,552	2,257	-	-	-	4,492
Interest revenue	24	3	1	63	-	47	62	-	148	348
TOTAL SEGMENT REVENUE	94,021	5,310	18,723	161	21,479	53,673	9,894	-	428	203,689
<i>Reconciliation of segment revenue to group revenue</i>										
Inter-segment elimination									(4,492)	(4,492)
TOTAL GROUP REVENUE										199,197
SEGMENT EBITDA	9,043	1,150	2,922	(481)	1,420	1,276	6,432	(122)	(6,499)	15,141
<i>Reconciliation of Segment EBITDA:</i>										
<i>Amounts not included in Segment EBITDA but reviewed by Board:</i>										
Depreciation and amortisation	(1,789)	(54)	(94)	(11)	(459)	(2,240)	(3,663)	-	(2,696)	(11,006)
<i>Unallocated items:</i>										
Impairment of property, plant and equipment										(3,547)
Impairment of Goodwill										(3,813)
Impairment of Inventory										(19,871)
Impairment of Accounts Receivable										(3,959)
Finance Costs										(5,553)
NET PROFIT BEFORE TAX FROM CONTINUING OPERATIONS										(32,608)

Note 8 – Segment Reporting (cont'd)

Year ended 30 June 2011

Primary Reporting: Business Segments	Drivetrain Power & Propulsion	CERT	Convair	Coote Logistics	Momentum	Gemco Rail	Green- trains	Coote Invest- ments	All Other	Consol. Group
	\$000	\$000	\$000	\$000	\$000	\$000	\$000			\$000
REVENUE										
External Sales	93,845	3,726	15,769	257	25,926	50,124	9,288	-	-	198,935
Inter-segment sales	1,527	64	-	102	1,287	1,228	-	-	-	4,208
Interest revenue	88	-	3	-	-	31	-	-	238	360
TOTAL SEGMENT REVENUE	95,460	3,790	15,772	359	27,213	51,383	9,288	-	238	203,503
<i>Reconciliation of segment revenue to group revenue</i>										
Inter-segment elimination									(4,208)	(4,208)
TOTAL GROUP REVENUE										199,295
SEGMENT EBITDA	19,778	729	2,183	204	3,540	2,388	7,563	-	(7,244)	29,141
Reconciliation of Segment EBITDA:										
<i>Amounts not included in Segment EBITDA but reviewed by Board:</i>										
Depreciation and amortisation	(1,716)	(23)	(94)	(117)	(592)	(1,255)	(3,613)	-	(2,750)	(10,160)
<i>Unallocated items:</i>										
Impairment of property, plant and equipment										567
Impairment of Goodwill										
Finance Costs										(9,458)
NET PROFIT BEFORE TAX FROM CONTINUING OPERATIONS										10,090

Note 9 – Cash Flow Information

(a) Reconciliation of Cash at End of Financial Year

	2012 \$000	2011 \$000
Cash and cash equivalents	15,644	14,098
Bank overdrafts (disclosed in current 'Financial Liabilities')	(17,825)	(3,554)
CASH AT END OF FINANCIAL YEAR	(2,181)	10,544

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

	2012 \$000	2011 \$000
PROFIT (LOSS) AFTER INCOME TAX	(35,683)	4,905
NON-CASH FLOWS IN PROFIT		
- Depreciation	9,033	9,053
- Other intangibles amortisation	1,973	762
- Goodwill impairment	3,813	-
- Impairment of inventory	19,871	
- Impairment of accounts receivable	3,959	
- Net gain (loss) on disposal of property, plant and equipment	-	(42)
- Income tax debit/(credit)	2,991	(810)
- Minority interest	84	163
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	(2,472)	(6,881)
- (Increase)/decrease in prepayments	(575)	517
- (Increase)/decrease in inventories	(10,341)	(7,238)
- Increase/(decrease) in trade payables and accruals	7,644	(25,107)
- Increase/(decrease) in income taxes payable	(4,012)	7,551
- Increase/(decrease) in deferred taxes payable	883	(4,968)
- Increase/(decrease) in provisions	1,974	(3,490)
CASH FLOW FROM OPERATIONS	(858)	(25,585)

Note 10 – Net Tangible Assets

	2012 Cents	2011 Cents
Net tangible assets per share: (2012: 124,224,766 shares, 2011: 124,224,766 shares*)	81.6	105.1

*Restated for 10:1 share consolidation and exclusion of deferred tax item from asset base

Note 11 – Compliance Statement

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

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Directors

Dale Elphinstone:
FAICD
Non-executive Chairman

Vincent De Santis:
BCom/LLB (Hons)
Non-Executive 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

Chief Executive Officer

Dennis Quinn:
B.E.Ag(Hons), M.A.(Mktg)

Company Secretary

Anna Young:
BSc, LLB (Hons), GCInfTech, LLM

Auditors

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