

ASX ANNOUNCEMENT

23 August 2013

Preliminary Final Report for FY13 Released

- Revenue for FY13 is 11.6% below revenue for FY12 reflecting downturn in the resources sector and the challenging market conditions
- Loss result generated by asset impairments and underlying trading loss of \$12.3 million¹
- Significant items including asset impairments amounting to \$79.2 million¹
- Material improvement in cash generated from operating activities
- Current oversupply of locomotives has impacted on leasing market
- Focus for FY14 is on revenue and operating leverage improvement

Engenco Limited (ASX:EGN) (**Engenco** or **Company**) has released its Preliminary Final Report for the Full Year ended 30 June 2013.

The significant reduction in resources sector activity was a major cause of revenue reduction in FY13. The greatest impact of this was felt in the Drivetrain business in Australia and New Zealand and in the Gemco fabrication business. Operational efficiencies and rationalisations have been implemented in the Drivetrain business across Australia and New Zealand and the effect of this is expected to be evident in FY14 results.

The offshore operations in Singapore and Europe (Sweden) continue to operate profitably and early indicators are that this will continue in FY14.

Gemco Rail's operational efficiency program which commenced in Western Australia is continuing and will lead to facilities better suited to meet market demands. Onerous contracts on foot in the rail sector have been taken to account in FY13 and new locomotive maintenance work is being pursued on better commercial terms. The wheel and bearing activities, including bogie refurbishment, are now operating more efficiently and higher throughput is being realised.

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Momentum's performance was affected by a downturn in rail infrastructure spend during FY13 but there are positive indicators of a recovery in this sector in the new year. The Convair and CERT businesses are operating profitably and are expected to perform well in FY14.

The Greentrains business has been affected by the oversupply of narrow gauge and standard gauge locomotives of which a major contributing factor has been the sudden reduction in the requirements of the resources sector, particularly in coal haulage. No material improvement in demand for the current Greentrains fleet is expected during FY14.

The Elph Pty Ltd facility agreement has been extended to 30 September 2014. Commercial terms for the CBA banking facilities have been agreed in principle and documentation is expected to be finalised and signed before the current facility expires on 31 August 2013.

Market indicators suggest slow improvement in all sectors. Directors and management are confident that FY14 will see the Company return to profit and that the three to five year recovery plan is still on track.

The following table shows a reconciliation of underlying trading loss:

	FY2013 \$000	FY2012 \$000
Profit / (loss) for the period	(91,515)	(35,599)
<i>Significant Items:</i>		
Impairment of goodwill and other intangible assets	43,275	3,813
Impairment of property, plant and equipment	20,350	3,547
Impairment of inventory	1,529	19,871
Impairment of accounts receivable	861	3,959
Legal settlements and associated costs	2,004	-
Onerous contract provision	1,705	-
Staff termination costs	1,167	-
Derecognition of deferred tax assets	8,344	685
Other significant items	-	1,856
Underlying trading loss ¹	(12,280)	(1,868)

¹This announcement includes information from the Preliminary Final Report and refers to certain non-IFRS measures including underlying trading loss. These measures are presented to enable understanding of the underlying performance of the Group without non-trading items. Non-IFRS measures have not been subject to audit or review.

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About Engenco Limited

Engenco 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.

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