Engenco

Annual Report

2021

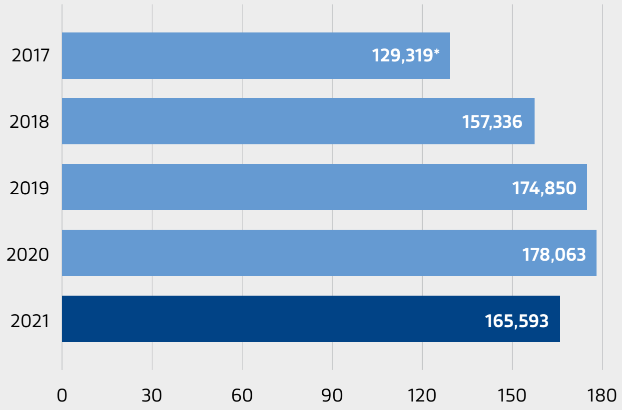
Contents

This Annual Report includes the Engenco Limited's Directors' Report, the Annual Financial Report and Independent Audit Report for the financial year ended 30 June 2021 lodged with the Australian Securities and Investments Commission and ASX Limited. The Annual Report is available on the Engenco website www.engenco.com.au. A copy of our full Corporate Governance Statement and ASX Appendix 4G outlining compliance with ASX Corporate Governance Principles and Recommendations is available on our website at **https://www.engenco.com.au/investor-center/governance/**.

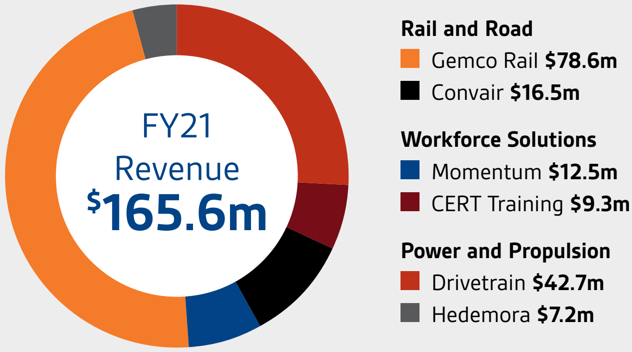
Engenco Limited ABN 99 120 432 144

Company Highlights

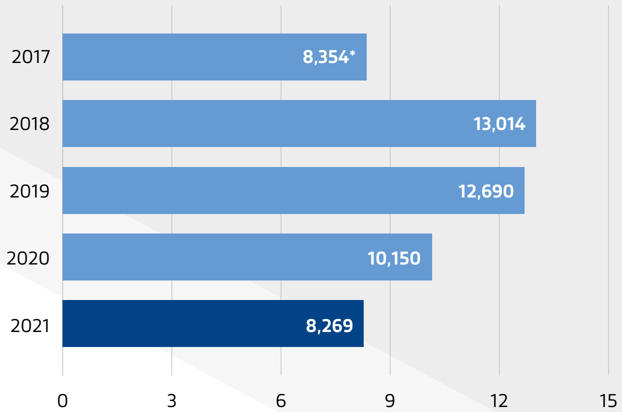
Revenue – $'000



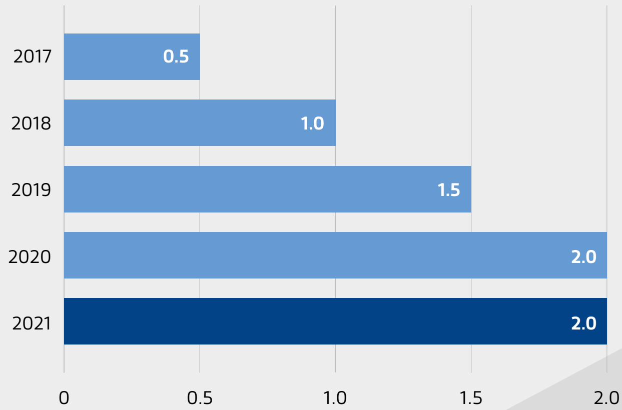
Revenue by Business Unit



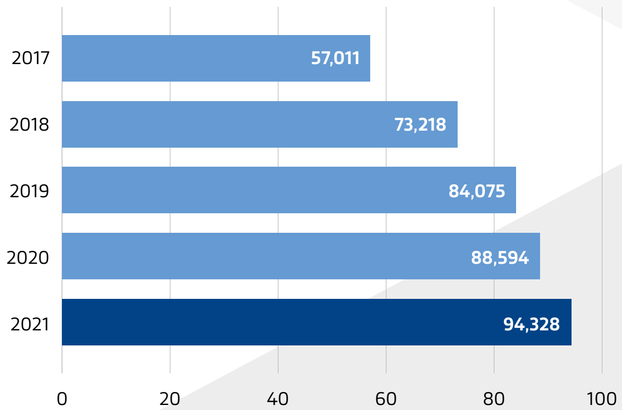
Net Profit Before Tax – $'000



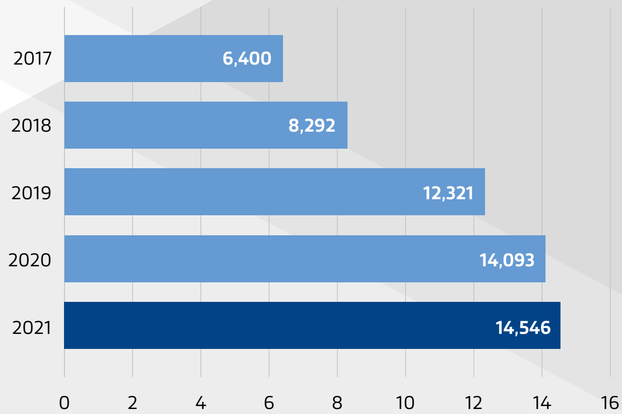
Dividends – Cents



Net Assets – $'000



Operating Cash Flow – $'000



* 2017 figures for Revenue and Net Profit Before Tax are from continuing operations.

Chairman's Report

Vince De Santis

For a piece of information to be desirable, it has to satisfy two criteria: it has to be important, and it has to be knowable. (Warren Buffett)

It would be fair to say that the past year has been testing. It was a year that began with the same elevated levels of uncertainty with which we had ended the last and without really knowing how it might end. In fact, no-one did. Travel restrictions, lockdowns, working from home, supply chain disruption, customer hesitancy, COVID contingency plans... On top of this, we had the non-COVID impacts – skilled labour shortages, adverse weather events plus a host of other day-to-day matters which come with running a reasonably diverse business. We don't offer these as excuses but simply state the reality of what the Group and many other parts of the business community has faced since those first weeks of 2020.

While the Company's FY21 financial performance was adequate, it was nonetheless disappointing however we have also been fortunate that throughout the pandemic thus far, most of Engenco's business units operate in sectors which have been categorised as essential services. The fall in revenue and profit before tax over the past three financial years has been frustrating, and our return on capital employed (ROCE) has also declined over this period from 17% to 10% which is unsatisfactory.

These factors do not exactly paint a great picture but there are as they say, two sides to every coin and there have has also been other parts of Engenco's performance with which we are pleased, where the trends are positive and from which we have a solid base on which to go forward.

Cash Generation

During FY21, the net cash generated from our operations was just over $14.5 million, an almost half a million dollar improvement on the prior year.

Investment

We continued our capital investment program with $9.9 million spent on acquiring non-current assets bringing the aggregate cash expenditure on capital items over the past 4 years to just over $30 million dollars.

Dividends Maintained

During our 2016 Annual General Meeting, we said we would not pay a dividend until we were satisfied that the profit we had just made in FY16 was repeatable and that Engenco's capital base and credit facilities were sound. In the following year, we paid a final dividend of 0.5 cents per share which was doubled in the year after that.

This was increased to 1.5 cents the next year and during the last two years, we have declared dividends of 2 cents comprising an interim dividend of 0.5 cent per share and a final dividend of 1.5 cents each. The dividend we have just declared (payable on 28 September 2021) is part of an almost $22 million total dividend cash return paid to our shareholders over the past 4 years.

Debt Free

Notwithstanding our capital investment program and dividend returns to shareholders, our consistent operating cashflow has enabled the Company to remain debt free at 30 June with a net cash balance of over $12 million and a $20 million undrawn credit facility with National Australia Bank which is not due to mature until October 2023.

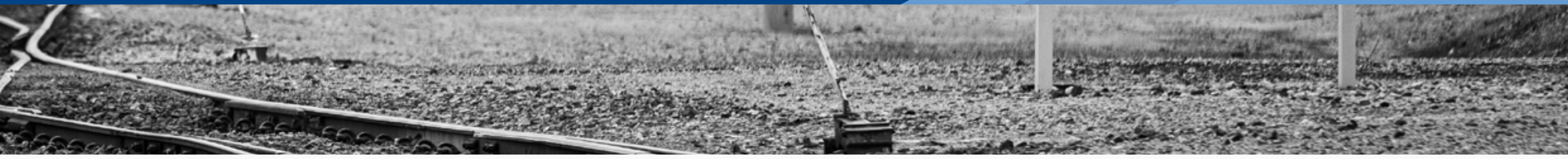
People

Great vision without great people is irrelevant. (Jim Collins)

Over the past year the restricted ability to freely move between our facilities and visit our customers' premises has been tough however our employees have demonstrated great resilience, creativity and dedication in serving our customers for which we extend our sincere appreciation.

We have maintained our focus on the Group's "people and culture" program notwithstanding that the pandemic has made the delivery of some initiatives a little more challenging than usual. While it may be cliché, we know that at the end of the day, Engenco's future success depends upon ensuring that we have people who have the right blend of skills and experience, are committed to our customers and to each other, and whose behaviour and values are aligned with those of the Company.

Achieving this requires us to provide a safe working environment. Some sections of the Group are doing an outstanding job while in other parts of the business, our safety performance requires considerable improvement, and we continue to strive for better outcomes under our "MakeSafe" program which has now been running for a number of years.



Eureka!

In May of this year, we announced the acquisition of Eureka 4WD Training Pty Ltd which was completed as scheduled on 1 July. Apart from the new business opportunities it will create, the Eureka transaction represents another important milestone for Engenco as it's the first business acquisition we have undertaken for quite some time.

> "We are determined to ensure that the Eureka business and its people are smoothly integrated into our Workforce Solutions division and realise the benefits from this business combination."

What's Ahead

Remember, when there's nothing clever to do, the mistake lies in trying to be clever. (Howard Marks)

While we are focussed on reversing the decline in our return on capital employed, we expect that FY22 will be a year of stabilisation rather than one of any material financial improvement.

Our budgeted capital expenditure for FY22 is focussed more on sustainment and will be lower than the levels of the past couple of years as we look to generate growth and efficiencies from the capital that has been previously deployed.

Following on from our purchase of Eureka 4WD Training, we remain on the lookout for other strategic acquisition opportunities provided that sellers are reasonable and realistic in their expectations.

And we will continue to focus on the development of our people and to create an environment in which they are safe, challenged, respected and valued.

Our key goals remain for the year ahead – to make Engenco a company for whom great people want to work; to be a trusted and valued provider of high-quality products and services to our customers; and to generate superior returns for our investors in a sustainable and responsible manner.

Vince De Santis
Chairman

Managing Director and CEO's Report Kevin Pallas

Our multi-year growth strategy to build a stronger platform through expanding our range of goods and services, together with investment in people, capacity and innovation, continued.

This was a year in which external factors including the pandemic interrupted the positive developments and growth trajectory of preceding years although, in the scheme of things, progress continued and we delivered a solid result.

Our effective response to the COVID-19 environment demonstrated the benefits of our efforts to build a high-performance culture across the business. The leadership development structures that we had introduced enabled us to work coherently at executive and operational levels.

> "We successfully navigated the early stages of the pandemic and responded dynamically to the need for social distancing, contact tracing and site hygiene."

Working closely with our staff, suppliers and customers we ensured that all government health requirements were met, and kept our people safe. Many of our customers are essential services and, as we were able to make changes flexibly, we were resilient and maintained productivity. It is pleasing that throughout the year and across a workforce of more than 600, no staff member tested positive for the virus during the financial year, however one tested positive in New South Wales during recent weeks.

Highlights of the year included the strong performance of our Gemco Rail Gladstone facility, which was above expectations. This facility opened in January 2020 to service rail rollingstock contracts and the bulk materials market, and we have since invested in an underfloor wheel lathe, increasing capability and capacity. The $2 million purchase of land and a facility at Kalgoorlie in April 2021 has expanded capacity for Drivetrain, enabling us to service more fully the hard rock mining industry which is benefiting from high commodity prices.

At the end of the financial year, we announced the acquisition of Eureka 4WD Training Pty Ltd. This Western Australian training business is being integrated as part of our Workforce Solutions division and we have significant opportunity to expand it through our national platform.

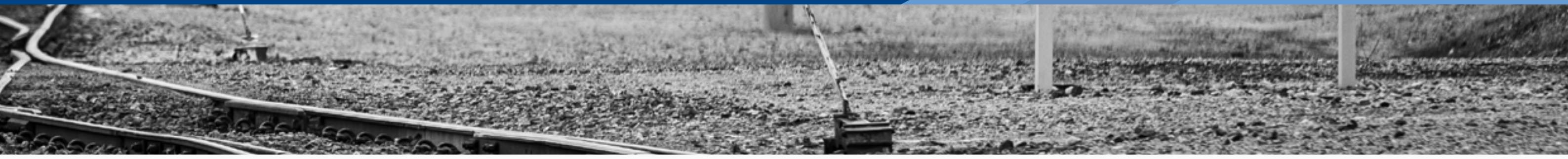
Consolidated revenue decreased 7% to $165.6 million, compared to $178.1 million in the previous year, reflecting a combination of adverse factors. This included the effects of pandemic-related supply chain delays, adverse weather and rail network disruption which slowed the volume of maintenance in the rail freight sector, soft coal mining sector demand, skilled labour shortages, and travel restrictions which affected our domestic and overseas business development activities.

Net profit before tax, which included the sale of non-core wagons raising $2.2 million, reduced 18.6% to $8.3 million from $10.2 million. Net profit after tax was $12.0 million after taking into account progressive recognition of past tax losses, 10.4% lower than $13.4 million in the previous year.

Capital expenditure continued to focus on growth assets, decreasing slightly to $9.6 million compared to $13.8 million in FY20 which was a year of major capital investment. The Company has no debt. Our $10 million undrawn bank facility has been expanded to $20 million and extended to October 2023.

Engenco has a strong balance sheet and completed the year with $12.1 million net cash. We maintained prudent management of working capital, anticipating possible supply chain shortages. Net

Engenco			
	RAIL AND ROAD	GEMCORAIL	CONVAIR
	POWER AND PROPULSION	Drivetrain	HEDEMORA TURBO & DIESEL
	WORKFORCE SOLUTIONS	Momentum	CERT



operating cash flow remained strong at $14.5 million, in line with $14.1 million in the previous year.

Return on capital employed (ROCE) was slightly lower at 10%.

Rail and Road

Across our operations, the Gemco business demonstrated stability and continued to generate strong customer support. Our investment to build scale and a sustainable platform is succeeding, reflected in a changing revenue mix which favours strong relationships with customers and larger, long-term contracts.

At Gladstone, we completed a program of works expanding the facility, and volumes of rollingstock maintenance progressed above plan. This solid stream of business enabled us to realise efficiencies. Although operations at Forrestfield performed well, demand from mining customers for bearing and wheelshop work reduced from the prior year, as a large project was not repeated. The pandemic restricted meetings with customers to progress new projects, and we experienced similar issues in other states. During the last quarter, demand increased to pre-pandemic levels.

As part of its infrastructure growth initiatives, the Australian government announced a 1700km Inland Rail project which will connect Melbourne to Brisbane through regional areas. This represents a significant growth opportunity for our rail-focused businesses, and we are following its progress to capitalise on unfolding opportunities.

Convair revenue increased as the delivery of several Feldbinder aluminium tankers from Germany were carried into FY21. Supply disruptions were well managed as demand for dry bulk tankers and spare parts grew during the year following strong activity in the infrastructure and construction sectors . We are continuing to improve steel tanker design and production efficiency, responding to customers' demand for high-quality locally manufactured products.

Power and Propulsion

Drivetrain revenues were lower as soft rock mining customers deferred discretionary spending, extending maintenance cycles, although the market improved in the last quarter of the year. Demand from hard rock mining customers remained strong. While inventory levels were increased to manage supply chain risk, market consolidation and a trend toward customers sourcing parts globally impacted product sales. The Group's Adelaide workshop, founded

to support local Tier 1 mining customers, completed the first major machine overhaul for a key client in the first half.

We continued to rationalise branches across the Drivetrain network to drive efficiency and meet customer requirements for local presence. We relocated work previously managed in Sydney to Newcastle, expanding our facility to accommodate operations personnel. Our plan is to invest in locations where industrial demand is strong, such as Kalgoorlie where our new operation is in 'start up' mode. Here, we have completed comprehensive research on potential customers' requirements for our equipment maintenance services, and marketing commenced in the last quarter of the year. We are continuing to attract new customers, as our brand is well respected in the industry for high quality work and customer service.

We further expanded the Drivetrain range of technical products and services. New products have gained traction in the mining industry, including the Kovatera UT99 underground utility vehicle, which through Drivetrain's in-country development efforts has been customised for Australian mining specifications and conditions. Since its launch in Australia, Tier 1 customers have placed orders including our first fleet size sale, which will be delivered in FY22. We have a strong pipeline of prospects as we build the country-wide fleet size and begin the support task.

Sales of products for the defence industry and maintenance of submarines were consistent through the year, with submarines moving through a low in the maintenance cycle.

Hedemora Turbo & Diesel reported significant sales of HS Turbocharger technology for the turbocharger retrofit market, including the retrofit of locomotives for customers in Eastern Europe and Mongolia, but it was unable to capitalise on all opportunities as the pandemic restricted travel. Following several years of marketing, we are excited by the opportunities that have opened up in Russia and Eastern Europe. These countries have a high proportion of ageing diesel engines which are ideal retrofit opportunities, and there is significant interest among engine and locomotive manufacturers in Hedemora's HS Turbocharger technology for new builds. First retrofit orders are also expected in the USA, where we are investing in a new branch to capitalise on opportunities.

Workforce Solutions

During 2020 we brought our people-focused businesses, CERT and Momentum Rail, under a single Executive General Manager to drive growth. This was a timely decision that enabled us to realise integration synergies and adapt effectively for COVID-19 restrictions.

COVID-19 impacted our CERT business significantly as strict social distancing requirements were maintained, reducing classes. However, we were able to pivot to customer focused solutions such as online training, which helped differentiate our services.

We are innovating across our workforce businesses to generate revenue, directly solving customers' need for skilled people, as supply chains tightened and labour shortages emerged as an indirect impact of the pandemic. By training new market entrants for customers, we are expanding their available labour pool.

Momentum Rail experienced a strong first half with increased demand for rail services labour, although this softened in the second half, particularly in Western Australia.

Acquisition of Perth-based Eureka 4WD Training Pty Ltd was completed on 1 July 2021. This road-focused business complements the rail transport training provided by CERT, as it offers specialist four-wheel drive vehicle training for commercial, industrial and mining customers. It currently serves the Western Australian market and using the strong brand equity we expect to progressively expand its services nationally through our network.

High-performance Culture

Over several years we have invested to build accountability and leadership qualities and to create a high-performance culture. This included introduction of a Group people and culture plan, constructive leadership development structures and enterprise-wide individual performance plans, which helped to align expectations and actions.

We are committed to developing the capability, leadership and management skills of our people, encouraging diversity, inclusion and a sense of achieving positive outcomes at a company and personal level. Our Diversity Committee is highly representative and has delivered meaningful initiatives such as an unconscious bias education programme. We are training more apprentices, encouraging our leadership teams and positioning Engenco as an employer of choice.

The development of better safety practices and a strong safety culture where our people take more personal responsibility for maintaining a safe workplace continued. Through a focus on advancing safety leadership across the group, the Total Recordable Injury Frequency rate decreased from 35.54 to 25.72.

Through education and awareness initiatives and investment in industry-leading software, we have built tangible defences against the threat of cyber-crime. In addition, our IT team have worked hard to continually improve security systems in the ever increasingly complex world of online computing.

Outlook

While trading conditions and supply chains performance remain unpredictable, we believe this is temporary and anticipate a return to more normal patterns of demand as state lockdowns and travel restrictions reduce. We continue to build scale and structures that support the continued growth of the business, and enter the new financial year with a healthy order book.

Our Gemco business is performing well and has further significant development potential. Customer demand is robust, and we expect ongoing growth in traditional and new business streams as we drive forward our efficiency and growth strategies. We are benefiting from investments in new and expanded capabilities at Forrestfield and Gladstone, and plan to expand our Altona facility in the new financial year. We anticipate that the positive trend of the fourth quarter of FY21 will continue.

The Drivetrain business has positive momentum and an increased order volume for the coming year. Demand for submarine maintenance is expected to improve, and defence sector sales are steady. In Europe and North America, we are excited by the prospects of capitalising on the HS Turbocharger retrofit market, anticipating that new orders in FY22 will build a strong foundation for ongoing growth including in the OEM market.

Our people businesses are evolving to capitalise on the opportunities provided by greater acceptance of online training, and customers are keenly engaging in our integrated solutions offerings. Our industry leading "street-to-seat" programme aims to encourage trainees into learning rail skills and to alleviate the critical shortage of personnel in the industry. The acquisition of Eureka 4WD Training Pty Ltd signals our increasing training capability and intent to leverage this business through our national network.

As more companies move to reduce carbon emissions, we expect to benefit through being an early participant in the electrification of heavy equipment, helping the industry to become more carbon efficient. In line with increasing global focus on sustainability, our Drivetrain business will invest in the launch of a battery electric Kovatera utility vehicle. This news has been well received by customers, with marketing and product development already underway. We expect to see at least one fully electric version operating before the end of the 2021 calendar year.

In closing, I would like to thank our leadership teams and all of our staff for their disciplined focus on safety and meeting our customers' needs during these uncertain times. I would also like to thank my fellow directors for their counsel and unwavering support.

Kevin Pallas
Managing Director and CEO

FY21 TOTAL REVENUE

$165.6m

Business Unit Overview

Rail & Road

GEMCORAIL

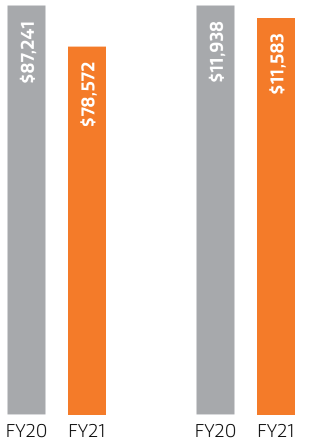
Gemco Rail is a leading independent provider of rollingstock maintenance, products and services for the Australian and New Zealand rail markets.

Our national network of modern, well equipped, strategically located facilities coupled with proven industry knowledge provides our clients with the confidence that Gemco is a reliable, competent supplier of high quality products and services.

Achievements

- Successful navigation of a year of disruption to supply chains with uninterrupted support to our customers, keeping their assets working.
- Expanded capital investment in railway wheel maintenance capabilities with the successful commissioning of new computer controlled wheel machining equipment.
- Launch and implementation of Gemco Rail's "People and High-Performance Culture" focussed 2030 Strategic Plan reflecting Engenco's strategic pillars.

Revenue $'000 **NPBT** $'000



Outlook

- Leveraging recent capital investments in our east and west coast operations, increasing capacity, is expected to realise improving returns in the periods ahead.
- Further expansion of strategic alliances with recognised technology partners to further broaden Gemco's product range.

Expansion into Gladstone, Queensland

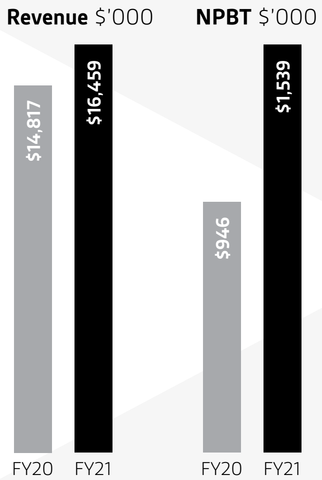
Gemco Rail's Gladstone rollingstock maintenance facility, strategically located within the Queensland rail network between Brisbane and Cairns, has been supporting our Queensland customers since January 2020. Strong demand for railway wheelset machining outstripped capacity, and we invested in a new German built CNC underfloor wheel lathe that supplements our existing wheelset machining capacity, and provides the capability of machining locomotive, railway wagon and even railway passenger rollingstock wheelsets in-situ, eliminating the need to remove individual wheelsets from the bogie. The Group also invested in a new CNC axle lathe capable of holding a complete wheelset assembly to perform axle machining and wheel boring. These additional capabilities position our Gladstone facility well to capture an increasing share of the total rollingstock wheelset market in Queensland and demonstrates Gemco's commitment to our long-term growth strategies.

Rail & Road

CONVAIR

Convair designs and manufactures tankers for the transportation of dry bulk products by road and rail.

The business repairs, maintains and supplies spare parts for all makes of dry bulk tankers and offers distribution, service and repair of compressors and ancillary equipment used in the support of dry bulk materials handling. Convair is an agent for Feldbinder Spezialfahrzeugwerke GmbH of Germany, supplementing the company's range of products with aluminium dry bulk tankers and stainless steel liquid tankers. With its manufacturing facility based in Melbourne, Convair services customers throughout Australia and New Zealand.



Achievements

- Successful management of supply challenges in key markets through FY21.
- Innovative customer specific solutions in Australia and New Zealand.

Outlook

- Demand for locally produced and maintained customer specific quality solutions increased in the last quarter of FY21 and this is expected to continue into FY22.
- Introduction of innovative products in an expanded range of offerings.

Three Tanker Road Train Combination

Convair partners with its customers to help solve their problems, by listening and understanding their needs. Convair's innovative design approach has a positive track record of taking new ideas and achieving unexpected outcomes. Recently by using performance based standards regulations, Convair produced an innovative three tanker road train combination. This resulted in a 20% productivity increase for the customer, reducing the number of movements on the road. Fewer movements also lowered greenhouse gas emissions and improved performance against safety standards.

Business Unit Overview

Power & Propulsion

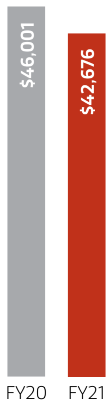
Drivetrain

Drivetrain's services span the complete engineering product life cycle for heavy mobile powertrain systems, large-frame turbochargers, heavy diesel and gas power generation and gas compression equipment.

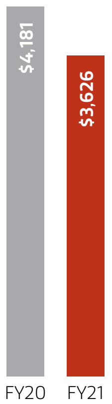
Achievements

- Kovatera utility mining vehicle sales increased during the period, with fleet size orders received for delivery in FY22.
- Opened Kalgoorlie branch aligning with "customer first" approach.
- Continued investment in the development of our "People and High-Performance Culture Plan".

Revenue $'000



NPBT $'000



Outlook

- Increasing Kovatera sales with through-life support including a battery-powered electric model.
- Continued customer demand for overhaul projects including additional activity at Kalgoorlie.
- Supply and installation of gas power generation contracts won in FY21.
- Ongoing support for the Collins Class Submarine Life of Type Extension program.

Kalgoorlie expansion – Western Australia

Drivetrain continues to work closely with our national customers to understand their local support needs. Customer engagement and detailed market analysis identified the opportunity to establish a Drivetrain branch in Kalgoorlie. We invested in workshop and warehouse capacity to support demand in the region, and expanded the field service fleet to support customers onsite. Whilst still in start-up mode in FY21, customer orders have been strong since operations commenced.

Introducing Kovatera to Australia

Drivetrain identified the Kovatera underground utility vehicle as a solution to Australian mining operations' need to improve performance and reduce the cost of their light vehicles. Drivetrain introduced the KT200 vehicle to Australia and adapted it to Australian conditions, improving the driveline set up to suit decline mining and ramp operations. The vehicle has proven durable, with a lifecycle well beyond that of current automotive style vehicles, with improved carrying capacity and low operating costs.

The KT200's high carrying capacity of 2.7 tonnes was a key factor behind Drivetrain's sale of several vehicles to an Australian contractor supplying a number of underground mines. Over the year, the vehicles impressed both the contractor and the owner/operator of those mines. This led to a significant fleet order starting the transition towards using the Kovatera KT200 as the underground light vehicle of choice.

Power & Propulsion

HEDEMORA TURBO & DIESEL

Hedemora Turbo and Diesel is the original manufacturer of Hedemora Turbochargers and Hedemora Diesel Engines.

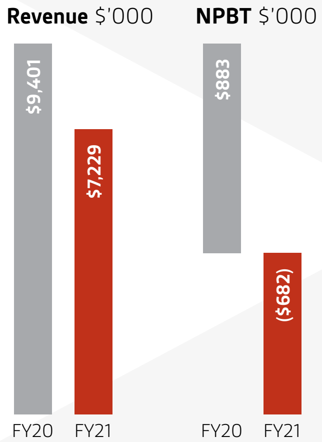
Hedemora Diesel is a well-known brand of engines used in a wide range of applications. The turbocharger solutions for engines with power output of 720-4200kw, can be retrofitted to gain higher performance. Operating out of Sweden, Hedemora Turbo and Diesel provide full maintenance, development and spare parts services for customers in all parts of the world.

Achievements

- Proven environmental and efficiency benefits from installation of Hedemora turbochargers.
- Proven delivery and application of turbochargers for Mongolian railways.
- Record number of new Turbocharger sales and deliveries in FY21.
- Continued support for global customers utilising Hedemora Diesel engines.

Outlook

- Momentum generated in the last financial year is expected to drive growth in market share of retrofit turbochargers in Europe and the United States.
- Development of opportunities with engine and locomotive OEMs for the installation of HS Turbochargers on newly built equipment.
- Ongoing support for the Collins Class Submarine Life of Type Extension program.



Proven product outcomes driving new opportunities

Hedemora Turbo and Diesel (Hedemora) has been working with its long-time customer Ulan-Bator Railways (UBZD) since 2014 to provide improved solutions that meet the operating conditions in Mongolia. Trials achieved improved reliability and about 5% fuel efficiency improvement, which resulted in Hedemora being nominated as the preferred supplier. Orders are now being received on a regular basis, including an order of 20 units for completion in FY22. In total, it is expected that 62 engines will be fitted with HS 5800 before the completion of the project in FY23.

This successful project has opened new opportunities in the region. UBZD have agreed to use HS 5800 on 38 new locomotives from the large Russian locomotive producer Kolomna, which will also trial two engines in Mongolia. Hedemora is excited by the opportunity to demonstrate its ability to become Kolomna's supplier of choice for turbochargers for its D49 engines.

Business Unit Overview

Workforce Solutions

Momentum Rail Workforce Solutions

Momentum Rail offers a range of workforce provisioning services from providing skilled individuals to fully supervised and equipped crews to carry out rail track construction, maintenance and upgrades.

Momentum Rail coordinates the planning, implementation and management of safe working solutions for rail clients; from hand-signallers and lookouts to highly experienced principal protection officers and locomotive drivers. Operating out of branches in Forrestfield, Wingfield, Thornton and Port Melbourne, Momentum Rail's strategic presence is well placed to service the rail and resource sectors.

Revenue $'000

NPBT $'000

Achievements

- Employment and career development pathways into rail infrastructure.
- "Seat to Street" programs for new entrant workers, including female and indigenous workers, seeking a career in train driving/shunting.
- Implementation of a fully customised workforce management system that automates the recruitment, rostering, time sheets and client approval processes.

Outlook

- Momentum Rail will continue to drive efficiencies throughout the business by adopting LEAN process methodology, with particular focus on delivering safety, quality and sustainable workforce solutions that are easily scalable.

Education to Employment Program "Street to Seat"

Collaboration between the CERT Training and Momentum Rail businesses has driven the success of the recent Street to Seat, Education to Employment program for the Workforce Solutions division. The program, which sees the enrolment of students into training courses before they are recruited for positions with Momentum Rail, is undertaken in partnership with Pacific National.

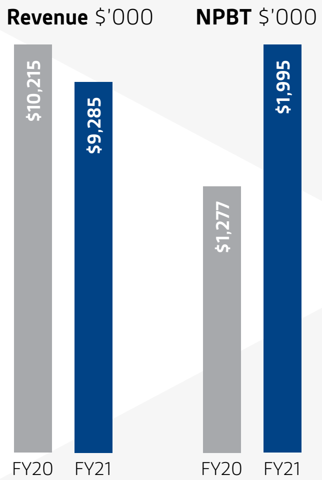
The Street to Seat program works by supporting students through targeted training aligned to current vacancies within Pacific National's workforce. The education qualifications, provided exclusively by CERT Training, prepares candidates for work placement within Pacific National managed by Momentum Rail. The final step involves the students receiving their qualifications before they are employed by Momentum Rail to work at Pacific National.

Underpinning the success of the program is the targeted recruitment strategy undertaken by the Workforce Solutions team to attract a range of diverse candidates currently underrepresented in rail, such as females and Indigenous Australians who are mentored through government supported training and career development pathways.

Workforce Solutions

CERT Training (CERT) is a registered training organisation (RTO) that provides responsive, flexible, and innovative training, assessment, and recertification services to the Australian rail industry.

CERT delivers nationally accredited and industry-based training programs on a regular basis and provides customised courses to suit individual business needs. The business has training centres in Perth, Sydney, Newcastle, Ipswich, Adelaide, Brisbane, Melbourne, and Bunbury with the flexibility to train on-site Australia wide.



Achievements

- Optimised student learning, accessibility and experience through development of online training programs, electronic assessments and blended learning options.
- CERT became the first registered training organisation to be approved by major rail network operators to take a number of training programs online.
- Successfully securing an exclusive contract to deliver all training and education services for outsourced SA metropolitan rail network.

Outlook

- We expect to capitalise on growing demand across the rail corridor, expanding our scope to develop within the high-risk, traffic management and construction markets, while investing in new and emerging technologies that enhance student and client experiences and outcomes.

Adelaide Rail New Customer Success

2021 saw CERT Training achieve new heights when it was awarded an exclusive training contract with Keolis Downer Adelaide, following the privatisation of the Adelaide Metro Rail System. The three-year contact grants CERT Training exclusive rights to deliver training for individuals working on the Adelaide Rail Network.

Over the next two years, CERT Training will provide education to more than 100 new train drivers and 60 passenger service assistants for the Adelaide Rail Network. This project offers exciting opportunities to increase CERT's brand awareness and achieve a stronghold position in the competitive Adelaide rail training landscape. This is expected to create opportunities for Momentum Rail personnel as part of a larger Workforce Solutions approach.

To meet the Keolis Downer staff education and rail personnel training requirements, CERT Training has similarly expanded our Adelaide based team with additional training and support staff. Several of the new team members have extensive Adelaide Rail Network experience and were previously employed by the Department of Infrastructure and Transport in Adelaide.

Directors' Report

The directors present their report, together with the consolidated financial statements of the Group, comprising of Engenco Limited ("the Company") and its controlled entities, for the financial year ended 30 June 2021 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year are:

Vincent De Santis

BCom, LLB (Hons)

CHAIRMAN SINCE 24 MARCH 2016, NON-EXECUTIVE DIRECTOR SINCE 19 JULY 2010, MEMBER OF AUDIT AND RISK COMMITTEE SINCE 31 JULY 2013.

Vince was the Managing Director of the Elphinstone Group up until December 2018. He initially joined the Elphinstone Group in 2000 as the Group's Legal Counsel and Finance & Investment Manager. During his time with the Group, Vince also served as a director of various subsidiary and joint venture companies including William Adams Pty Ltd, Gekko Systems Pty Ltd and APac Energy Rental Pte Ltd. Prior to that time, he was a Senior Associate in the Energy, Resources & Projects team at national law firm Corrs Chambers Westgarth, based in Melbourne. Vince is also a member of Tasmanian Gas Pipeline Pty Ltd, the Tasmanian Development Board and the Tasmanian Rhodes Scholarship Selection Committee.

Kevin Pallas

BCom, MAICD

MEMBER OF THE BOARD SINCE 17 DECEMBER 2014, MANAGING DIRECTOR & CEO SINCE 1 FEBRUARY 2015.

Kevin possesses senior management and leadership experience through an extensive career in engineering, mining supplies, metals and manufacturing industries. Holding a Bachelor of Commerce degree, Kevin specialised in the areas of financial and cost accounting systems' design and development, and operational and commercial management for a number of multinationals in South Africa, New Zealand, Singapore and Australia prior to joining the Group in 2007. He served in the position of Chief Financial Officer from 1 March 2013 to 31 January 2015. In February 2015, Kevin was appointed Managing Director and Chief Executive Officer.

Dale Elphinstone AO

FAICD

NON-EXECUTIVE DIRECTOR SINCE 19 JULY 2010.

Dale is the Executive Chairman of the Elphinstone Group which he founded in 1975. Dale has considerable experience in the engineering, manufacturing and heavy machinery industries and among other things is one of the longest serving Caterpillar dealer principals in Australia, having acquired the Caterpillar dealership in Victoria and Tasmania in 1987. Dale was the Co-Chair of the Joint Commonwealth and Tasmanian Economic Council from 2014 – 2017 and remains Chair of the industry members of this Council. From 2020 – 2021 he was a member of the Tasmanian Premier's Economic and Social Recovery Advisory Council, and was a director of the Tasmanian Health Organisation North-West until 30 June 2015. He was a director of Caterpillar subsidiary, Caterpillar Underground Mining Pty Ltd until December 2008 and of the formerly publicly listed Queensland Gas Company Limited from October 2002 to November 2008. Dale was also a director of ASX listed National Hire Group Limited until December 2011.

Alison von Bibra

BSc, MBA

INDEPENDENT NON-EXECUTIVE DIRECTOR AND MEMBER OF THE AUDIT AND RISK COMMITTEE SINCE 17 JANUARY 2017.

Alison has held key positions at a number of organisations including almost 10 years at ASX listed multi-national, CSL Limited. During her time at CSL, Alison's roles included Senior Director, Human Resources based in the USA and General Manager, Human Resources located at the company's Melbourne head office. Alison also has experience in a range of board roles including among others, the Dental Board of Australia, the Ballarat General Cemeteries Trust, CSL Superannuation Fund and Westernport Regional Water Corporation. She is currently a Member of the Chiropractic Board of Australia.

Scott Cameron

BCom, CA ANZ, FAICD

INDEPENDENT NON-EXECUTIVE DIRECTOR AND MEMBER OF THE AUDIT AND RISK COMMITTEE SINCE 1 SEPTEMBER 2020, CHAIRMAN OF THE AUDIT AND RISK COMMITTEE SINCE 18 NOVEMBER 2020.

Scott has more than 27 years' experience in senior management with exposure to a broad range of relevant industry sectors. He commenced his professional career at PricewaterhouseCoopers and then spent 27 years with leading Malaysian listed industrial services conglomerate, Sime Darby Berhad in various roles including Finance Director and then Managing Director of Australian based Caterpillar Dealer, Hastings Deering. Prior to his retirement from executive management at the end of 2019, Scott had spent the last 13 years as an Executive Vice-President of Sime Darby Industrial.

Ross Dunning AC

BE (Hons), BCom, FIE Aust, FIRSE, RPEQ

RETIRED AS INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIRMAN OF AUDIT AND RISK COMMITTEE ON 18 NOVEMBER 2020.

Ross has extensive exposure to the rail industry having served as the Commissioner for Railways in Queensland, President of the Australian Railways Association and Managing Director of Evans Deakin Industries Limited (the predecessor to the ASX listed company, Downer EDI Limited). Ross has been awarded the Companion of the Order of Australia and has held non-executive

From left: Dale Elphinstone, Vincent De Santis, Kevin Pallas, Alison von Bibra, Ross Dunning and Scott Cameron.

positions with a number of ASX listed companies including Toll Holdings Limited and Downer EDI Limited, Government owned corporations in Queensland and New South Wales and on unlisted public companies. Ross is also chairman of the Board of Indec Ltd.

Meetings of Directors

The number of directors' meetings (including meeting of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Board Member	Director Meetings	Audit and Risk Committee Meetings
Vincent De Santis	12/12	3/4
Kevin Pallas	12/12	4/4
Dale Elphinstone	12/12	–
Alison von Bibra	12/12	4/4
Scott Cameron	10/10	3/3
Ross Dunning	4/4	2/2

Directors' Shareholdings

The directors' shareholding of ordinary shares as at 30 June 2021 are:

	Ordinary Shares
Vincent De Santis	378,951
Kevin Pallas	87,632
Dale Elphinstone	208,505,773
Alison von Bibra	34,793
Scott Cameron	163,500
Ross Dunning	182,948

Company Secretaries

Paul Burrows

BCom, CA, GAICD

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER SINCE 10 DECEMBER 2018.

Paul has vast experience in ASX listed entities and global businesses. He holds a Bachelor of Commerce degree, is a Chartered Accountant and is a Graduate of the Australian Institute of Company Directors. Paul has significant experience in corporate governance, mergers and acquisitions and financial reporting in high growth environments together with hands-on experience in the implementation of system and process improvements.

Meredith Rhimes

BA, LLB

COMPANY SECRETARY SINCE 30 MARCH 2020.

Meredith is a lawyer with over 15 years' experience, including working in private practice and in-house for a multinational corporation. Meredith holds a Bachelor of Arts from Queen's University (Canada) and a Bachelor of Laws from Western University (Canada) and has practiced law in Canada, the United Arab Emirates and Australia.

Directors' Report (continued)

Principal Activities

The Group provides a diverse range of engineering services and products through three business streams: Rail & Road, Power & Propulsion and Workforce Solutions. Engenco businesses specialise in:

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

The Group services a diverse client base across the defence, resources, marine, power generation, rail, heavy industrial and infrastructure sectors.

The Group operates globally and employs over 500 people (full-time equivalent) in over twenty locations in two countries.

Group Overview

Operating and Financial Review

Operating Results

The Group reported a net profit after tax, including non-controlling interests, of $11,961,000 for the year ended 30 June 2021. The consolidated result for the year is summarised as follows:

	2021 $'000	2020 $'000
Revenue	**165,593**	178,063
EBIT[1]	**9,713**	11,596
Net profit before tax	**8,269**	10,150
Profit after tax	**11,961**	13,423
Net operating cash flow	**14,546**	14,093
Net assets	**94,328**	88,594
Net cash / (debt)	**12,091**	14,134

1 EBIT is earnings before finance costs and income tax expense.

Note – EBIT is a non-IFRS financial measure, which has not been subject to review or audit by the Group's external auditors. This measure is presented to assist understanding of the underlying performance of the Group.

Review of Principal Businesses

Disclosure of information regarding principal business performance and likely developments has been made in the Chairman's and Managing Director's section of this report.

Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

Dividends

Since the end of the previous financial year, the Board declared a final dividend of 1.5 cents per ordinary share (fully franked) on 18 August 2020 and subsequently paid the dividend on 29 September 2020.

On 17 February 2021, the Board resolved to declare an interim dividend of 0.5 cents per share (fully franked) and subsequently paid this dividend on 19 March 2021.

On 18 August 2021, the Board resolved to declare a final dividend of 1.5 cents per share (fully franked). Payment of the dividend to shareholders will take place on 28 September 2021.

Events Subsequent to Reporting Date

On 27 May 2021, the Company's subsidiary, Engenco Investments Pty Ltd, entered into an agreement to acquire 100% of the share capital of registered training organisation (RTO), Eureka 4WD Training Pty Ltd and its controlled entities (Eureka) for a consideration of $4,500,000. The acquisition was completed on

1 July 2021. Refer to Note 26 – Events Subsequent to Report Date for details.

On 18 August 2021, the Board resolved to declare a final dividend of 1.5 cents per share (fully franked). Payment of the dividend to shareholders will take place on 28 September 2021.

Other than the above, there has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event which would have a material effect on the financial statements of the Group at 30 June 2021.

Environmental Regulation

Group operations are subject to significant environmental regulation under Commonwealth, State and international law, including noise, air emissions and the use, handling, haulage and disposal of dangerous goods and wastes.

The Group follows practices that minimise adverse environmental impacts and comply with environmental requirements.

The Board is not aware of any significant breaches during the periods covered by this report nor does it consider the Group is subject to any material environmental liabilities.

National Greenhouse and Energy Reporting Guidelines

The Group's environmental obligations are regulated under both Federal and State law. The Group is not subject to the conditions imposed by the registration and reporting requirements of the *National Greenhouse and Energy Reporting Act 2007*.

Indemnification and Insurance of Officers

The Company has indemnified and paid premiums to insure each of the Company's directors and executives against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity, other than conduct involving a wilful breach of duty in relation to the Company.

Non-Audit Services

During the year KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG Australia, and its network firms for audit and non-audit services provided during the year are set out below:

	2021 $
SERVICES OTHER THAN AUDIT AND REVIEW OF FINANCIAL STATEMENTS:	
Advisory services	19,498
	19,498
AUDIT AND REVIEW OF FINANCIAL STATEMENTS	**332,027**
TOTAL PAID TO KPMG	**351,525**

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 23 and forms part of the Directors' Report for the financial year ended 30 June 2021.

Rounding Off

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 1 April 2016 and in accordance with that Instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Remuneration Report – Audited

Remuneration Policy

This report details the nature and amount of remuneration for all directors and key executives of the Group who have a strategic commercial impact upon the Group's activities.

The Board's policy for determining the nature and amount of remuneration for board members and key executives of the Group is as follows:

- All executive directors and key executives receive a salary package comprised of a base salary, short-term incentive and superannuation.
- The Board reviews executive packages annually by reference to the Group's performance, executive performance and comparable market information.
- The performance objectives of each executive are agreed at the beginning of each fiscal year and recorded via the annual Short-Term Incentive Plan. These performance objectives are based predominantly on achievement of the Board approved budget targets, including net profit before tax for the given year and improvements in the key safety measure of Total Recordable Injury Frequency Rate. Performance against other recorded objectives is also monitored and linked to the achievement of the Group's strategy and overall development. Other than those made under the Short-term Incentive Plan, incentive payments are at the discretion of the Board of Directors. All performance objectives are aligned with increasing shareholder value.
- The directors and key executives receive a superannuation guarantee contribution required by the government (which was 9.5% during the year) and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase superannuation contributions.
- All remuneration paid to directors and executives is valued at cost to the Group and expensed.
- The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders.
- To align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Performance Conditions Linked to Remuneration

The remuneration level for key management personnel is based on a number of factors, including skills and qualifications, achievements of performance metrics and demonstrated management capability. The contracts for service between the Group and key management personnel are on a continuing basis.

Consequences of Performance on Shareholder Wealth

No Short-term performance benefits have been awarded in the current financial year related to the achievement of the annual Short-Term Incentive Plan. The following table shows the gross revenue, profits and dividends for the last 5 years for Engenco Limited, as well as the share prices at the end of the respective financial years.

	2017 $	2018 $	2019 $	2020 $	2021 $
Revenue	129,399,000	157,336,000	174,850,000	178,063,000	**165,593,000**
NPAT attributable to members	8,309,000	18,003,000	14,227,000	13,423,000	**11,961,000**
EBIT	9,117,000	13,490,000	13,012,000	11,596,000	**9,713,000**
Operating income growth[1]	N/A	48%	(4%)	(11%)	**(16%)**
Share price at year-end	$0.21	$0.49	$0.42	$0.45	**$0.53**
% Change in share price	N/A	133%	(14%)	7%	**18%**
Capital employed[2]	57,269,000	68,825,000	77,779,000	99,338,000	**100,225,000**
Return on capital employed[3]	16%	20%	17%	12%	**10%**
Dividends paid	–	1,567,000	3,134,000	6,268,000	**6,268,000**

1 Operating income growth is the movement in EBIT year-on-year

2 Capital employed is total assets less current liabilities (excluding deferred tax assets). Comparative figures have been adjusted for the exclusion of deferred tax assets.

3 Return on capital employed is EBIT over capital employed

Non-Executive Directors

Total compensation for all non-executive directors was last voted upon by shareholders at the 2019 Annual General Meeting. The base fee for the Chairperson is $160,000 per annum. Base fees for other non-executive directors do not exceed $80,000 per annum.

Directors' base fees cover all main board activities. Non-executive director members who sit on a committee receive an additional fee of $6,000 per annum. Non-executive director members who hold the position of Chairperson on a committee receive an additional fee of $6,000 per annum. Non-executive directors do not receive performance-related compensation and are not provided with retirement benefits apart from statutory superannuation (paid in addition to the base fees noted above).

Directors' and Key Executive Officers' Remuneration Details for Year Ended 30 June 2021

Details of the nature and amount of each major element of remuneration for each director of the Company, and other key management personnel of the Group, are:

		Short-Term				Post Employment	Long-Term			
		Salary and Fees $	Non-Monetary $	Performance Benefit $	Sub-total $	Super-annuation Benefit $	Long Service Leave $	Termination Benefit $	Total $	% Remun-eration Performance Related
DIRECTORS										
NON-EXECUTIVE DIRECTORS										
V De Santis	**2021**	**166,000**	**–**	**–**	**166,000**	**15,770**	**–**	**–**	**181,770**	**–**
Chairman	2020	166,000	–	–	166,000	15,770	–	–	181,770	–
D Elphinstone[1]	**2021**	**80,000**	**–**	**–**	**80,000**	**7,600**	**–**	**–**	**87,600**	**–**
	2020	80,000	–	–	80,000	7,600	–	–	87,600	–
A von Bibra	**2021**	**86,000**	**–**	**–**	**86,000**	**8,170**	**–**	**–**	**94,170**	**–**
	2020	86,000	–	–	86,000	8,170	–	–	94,170	–
S Cameron[2]	**2021**	**72,662**	**–**	**–**	**72,662**	**6,906**	**–**	**–**	**79,568**	**–**
	2020	–	–	–	–	–	–	–	–	–
R Dunning[3]	**2021**	**36,582**	**–**	**–**	**36,582**	**3,462**	**–**	**–**	**40,044**	**–**
	2020	92,000	–	–	92,000	8,740	–	–	100,740	–
SUB – TOTAL NON-EXECUTIVE DIRECTORS' REMUNERATION	**2021**	**441,244**	**–**	**–**	**441,244**	**41,908**	**–**	**–**	**483,152**	**–**
	2020	424,000	–	–	424,000	40,280	–	–	464,280	–

		Short-Term				Post Employment	Long-Term			
		Salary and Fees $	Non-Monetary $	Performance Benefit $	Sub-total $	Super-annuation Benefit $	Long Service Leave $	Termination Benefit $	Total $	% Remun-eration Performance Related
EXECUTIVE DIRECTORS										
K Pallas	**2021**	**478,046**	**–**	**–**	**478,046**	**25,735**	**21,388**	**–**	**525,169**	**–**
Managing Director & CEO	2020	451,203	–	146,082	597,285	46,329	14,254	–	657,868	22.2%
SUB – TOTAL EXECUTIVE DIRECTORS' REMUNERATION	**2021**	**478,046**	**–**	**–**	**478,046**	**25,735**	**21,388**	**–**	**525,169**	**–**
	2020	451,203	–	146,082	597,285	46,329	14,254	–	657,868	22.2,%
TOTAL DIRECTORS' REMUNERATION	**2021**	**919,290**	**–**	**–**	**919,290**	**67,643**	**21,388**	**–**	**1,008,321**	**–**
	2020	875,203	–	146,082	1,021,285	86,609	14,254	–	1,122,148	13.0%
EXECUTIVES										
P Burrows	**2021**	**251,737**	**13,388**	**–**	**265,125**	**30,019**	**–**	**–**	**295,144**	**–**
Chief Financial Officer & Company Secretary	2020	267,599	–	50,864	318,463	30,254	–	–	348,717	14.6%
TOTAL EXECUTIVE OFFICERS' REMUNERATION	**2021**	**251,737**	**13,388**	**–**	**265,125**	**30,019**	**–**	**–**	**295,144**	**–**
	2020	267,599	–	50,864	318,463	30,254	–	–	348,717	14.6%
TOTAL DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION	**2021**	**1,171,027**	**13,388**	**–**	**1,184,415**	**97,662**	**21,388**	**–**	**1,303,465**	**–**
	2020	1,142,802	–	196,946	1,339,748	116,863	14,254	–	1,470,865	13.4%

1 Fees for the services of D Elphinstone were paid via agreements with Elphinstone Group (Aust) Pty Ltd which is a related party of the Company.

2 S Cameron was appointed on 1 September 2020.

3 R Dunning retired on 18 November 2020.

Loans to Key Management Personnel and their Related Parties

The balance of loans to key management personnel and their related parties outstanding as at 30 June 2021 is $NIL (2020: $NIL).

Service Contracts

The employment conditions of most key management personnel are formalised in contracts of employment. The employment contract does not stipulate a term of employment period but does stipulate a notice period for resignation and periods of remuneration and conditions under termination. Termination payments are not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct, the Company can terminate employment at any time.

	Terms of Agreement	Termination Benefit
V De Santis	Ongoing director agreement	N/A – Non-Executive Director
K Pallas	Permanent employment contract	8 weeks' pay
D Elphinstone	Ongoing director agreement	N/A – Non-Executive Director
A von Bibra	Ongoing director agreement	N/A – Non-Executive Director
S Cameron	Ongoing director agreement	N/A – Non-Executive Director
R Dunning	Ongoing director agreement	N/A – Non-Executive Director
P Burrows	Permanent employment contract	3 months' pay

Options and Rights Over Equity Instruments Granted

In the 2020 and 2021 financial years no executive directors, non-executive directors or key management personnel had any options or rights.

Other Transactions with Key Management Personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's-length basis.

From time to time, directors of the Group, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are non-material in nature.

Movements in Shares

The movement during the reporting period in the number of ordinary shares in Engenco Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2021	Balance 1 July 2020	Received as compensation	Other changes*	Balance 30 June 2021
V De Santis	378,951	–	–	**378,951**
K Pallas	87,632	–	–	**87,632**
D Elphinstone	208,233,656	–	272,117	**208,505,773**
A von Bibra	34,793	–	–	**34,793**
S Cameron	–	–	163,500	**163,500**
R Dunning	182,948	–	–	**182,948**
P Burrows	–	–	11,965	**11,965**

*Other changes represent shares that were purchased or sold during the year.

This report of the directors is made in accordance with a resolution of the Board of Directors.

V De Santis

Vincent De Santis
Chairman

Dated 19 August 2021

Directors' Declaration

1. In the opinion of the directors of Engenco Limited (the Company):
   a. the consolidated financial statements and notes that are set out on pages 29 to 66 and the Remuneration Report on pages 18 to 21 in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:
      i. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
      ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2021.
3. The directors draw attention to Note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Vincent De Santis
Chairman

Dated 19 August 2021

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Engenco Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Engenco Limited for the financial year ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Suzanne Bell
Partner
Melbourne
19 August 2021

Independent Auditor's Report

To the shareholders of Engenco Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Engenco Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of Financial Position as at 30 June 2021
- Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue Recognition from Rendering of Services ($38,008k) and Construction Contracts ($73,524k)	
Refer to Note 4 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Revenue recognition from Rendering of Services and Construction Contracts is a key audit matter due to the financial significance to the Group's financial results and the significant audit effort we applied. Significant audit effort was driven from the judgement we applied to assess the Group's over time recognition of services and construction contract revenue using an estimation of costs to complete based on comparable historical profit margins. In particular, we focussed on the high degree of estimation uncertainty in relation to the profit margin estimate due to the bespoke nature of the Group's business and customer contracts. These assessments can be inherently subjective, therefore we involved our senior audit team members in assessing this key audit matter.	Our procedures included: • We evaluated the Group's accounting policy for the recognition of services and construction contract revenue against the requirements of the accounting standards. • We obtained an understanding of the Group's processes regarding recognition of services and construction contract revenue. We tested key controls such as the Automated matching and approval of sales order, sales invoice and delivery docket in relation to revenue entered into the Group's IT system, involving our IT specialists; Approval of credit notes; Authorisation of new customers; and Management's review of the recoverability of costs of incomplete revenue contracts. • To assess the Group's over time recognition of services and construction contract revenue, for a sample of contracts not completed at reporting date, we: - Inspected relevant features and key terms of revenue contracts, including pricing, deliverables and the timetable; - Compared the actual costs incurred during the reporting period to underlying documents such as supplier invoices and employee timesheet records; - Challenged the Group's estimate of the profit margin and the expected cost to complete with relevant historical data such as actual costs incurred and actual contract revenue from similar service orders and construction contracts during the current and previous reporting periods; and - We compared past estimates of costs to

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	complete to actual results to identify those assumptions at higher risk of bias, unpredictability or inconsistency in application. • Involving our data analytics specialists, we checked a sample of revenue from rendering of services and construction contracts throughout the year to the invoice and the Group's cash receipts from customers on an individual transaction basis. • We assessed the revenue disclosures in the financial report using our understanding obtained from our testing and against the requirements of accounting standards.

Other Information

Other Information is financial and non-financial information in Engenco Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Engenco Limited for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 18 to 21 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

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KPMG

S E Bell

Suzanne Bell

Partner

Melbourne

19 August 2021

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for the year ended 30 June 2021

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

	Note	Consolidated Group 2021 $'000	2020 $'000
Revenue	4	**165,593**	178,063
Other income	4	**4,796**	2,915
Changes in inventories of finished goods and work in progress		**3,991**	5,269
Raw materials and consumables used		**(82,226)**	(88,238)
Employee benefits expense	5	**(60,122)**	(63,175)
Depreciation and amortisation expense		**(7,096)**	(6,937)
Impairment of inventory		**(1,113)**	(139)
Finance costs	5	**(1,444)**	(1,446)
Subcontract freight		**(830)**	(1,189)
Repairs and maintenance		**(1,550)**	(1,437)
Insurances		**(1,140)**	(1,174)
Rent and outgoings		**(2,843)**	(3,139)
Foreign exchange movements		**(85)**	(1)
Other expenses		**(7,662)**	(9,222)
PROFIT BEFORE INCOME TAX		**8,269**	10,150
Income tax benefit / (expense)	6	**3,692**	3,273
TOTAL PROFIT FOR THE PERIOD		**11,961**	13,423
Profit attributable to:			
Owners of the Company		**11,961**	13,423
Non-controlling interest		**–**	–
		11,961	13,423
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit:			
Exchange differences on translation of overseas subsidiaries		**(14)**	459
Other comprehensive income for the period, net of tax		**(14)**	459
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**11,947**	13,882
Total comprehensive income attributable to:			
Owners of the Company		**11,947**	13,882
Non-controlling interest		**–**	–
		11,947	13,882
EARNINGS PER SHARE		**Cents**	**Cents**
Basic & Diluted earnings per share (cents per share)	7	**3.82**	4.28

The notes on pages 33 to 66 are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

as at 30 June 2021

	Note	Consolidated Group 2021 $'000	2020 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	**12,091**	14,447
Trade and other receivables	9	**23,736**	26,369
Contract assets	4	**4,160**	4,897
Inventories	10	**45,834**	41,843
Current tax assets	6	**91**	56
Financial assets		**–**	658
Other current assets	12	**1,648**	3,960
TOTAL CURRENT ASSETS		**87,560**	92,230
NON-CURRENT ASSETS			
Property, plant and equipment	13	**23,557**	18,837
Right-of-use assets	11	**19,293**	20,246
Deferred tax assets	6	**15,612**	12,159
Intangible assets	15	**340**	127
TOTAL NON-CURRENT ASSETS		**58,802**	51,369
TOTAL ASSETS		**146,362**	143,599
CURRENT LIABILITIES			
Trade and other payables	16	**16,292**	17,227
Contract liabilities	4	**2,380**	2,690
Financial liabilities	17	**–**	971
Current tax liabilities	6	**5**	–
Lease liabilities	11	**3,901**	3,338
Provisions	18	**7,947**	7,876
TOTAL CURRENT LIABILITIES		**30,525**	32,102
NON-CURRENT LIABILITIES			
Lease liabilities	11	**17,109**	18,414
Provisions	18	**4,206**	4,042
Deferred tax liabilities	6	**194**	447
TOTAL NON-CURRENT LIABILITIES		**21,509**	22,903
TOTAL LIABILITIES		**52,034**	55,005
NET ASSETS		**94,328**	88,594
EQUITY			
Issued capital	20	**302,774**	302,719
Reserves		**503**	517
Profit reserve		**15,858**	10,165
Accumulated losses		**(218,978)**	(218,978)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**100,157**	94,423
Non-controlling interest		**(5,829)**	(5,829)
TOTAL EQUITY		**94,328**	88,594

The notes on pages 33 to 66 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

Consolidated Group	Share Capital $'000	Accum-ulated Losses* $'000	Profit Reserve $'000	Foreign Currency Translation Reserve $'000	Sub-Total $'000	Non-controlling Interest $'000	Total Equity $'000
BALANCE AT 1 JULY 2019	**302,719**	**(215,306)**	**2,433**	**58**	**89,904**	**(5,829)**	**84,075**
Adjustment from adoption of AASB 16	–	(3,095)	–	–	(3,095)	–	(3,095)
ADJUSTED BALANCE AT 1 JULY 2019	**302,719**	**(218,401)**	**2,433**	**58**	**86,809**	**(5,829)**	**80,980**
COMPREHENSIVE INCOME							
Profit / (loss)	–	(577)	14,000	–	13,423	–	13,423
Other comprehensive income, net of tax	–	–	–	459	459	–	459
TOTAL COMPREHENSIVE INCOME	**–**	**(577)**	**14,000**	**459**	**13,882**	**–**	**13,882**
TRANSACTIONS WITH OWNERS OF THE COMPANY							
Contributions and Distributions:							
Dividends paid	–	–	(6,268)	–	(6,268)	–	(6,268)
TOTAL CONTRIBUTIONS AND DISTRIBUTIONS	**–**	**–**	**(6,268)**	**–**	**(6,268)**	**–**	**(6,268)**
BALANCE AT 30 JUNE 2020	**302,719**	**(218,978)**	**10,165**	**517**	**94,423**	**(5,829)**	**88,594**

Consolidated Group	Share Capital $'000	Accum-ulated Losses* $'000	Profit Reserve $'000	Foreign Currency Translation Reserve $'000	Sub-Total $'000	Non-controlling Interest $'000	Total Equity $'000
BALANCE AT 1 JULY 2020	**302,719**	**(218,978)**	**10,165**	**517**	**94,423**	**(5,829)**	**88,594**
COMPREHENSIVE INCOME							
Profit / (loss)	–	–	11,961	–	11,961	–	11,961
Other comprehensive income, net of tax	–	–	–	(14)	(14)	–	(14)
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**11,961**	**(14)**	**11,947**	**–**	**11,947**
TRANSACTIONS WITH OWNERS OF THE COMPANY							
Contributions and Distributions:							
Employee share purchase plan	55	–	–	–	55	–	55
Dividends paid	–	–	(6,268)	–	(6,268)	–	(6,268)
TOTAL CONTRIBUTIONS AND DISTRIBUTIONS	**55**	**–**	**(6,268)**	**–**	**(6,213)**	**–**	**(6,213)**
BALANCE AT 30 JUNE 2021	**302,774**	**(218,978)**	**15,858**	**503**	**100,157**	**(5,829)**	**94,328**

*The Group has initially applied AASB 16: Leases from 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application. See Note 11.

The notes on pages 33 to 66 are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

	Note	Consolidated Group 2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**191,113**	198,138
Payments to suppliers and employees		**(176,180)**	(183,657)
Interest received		**12**	72
Finance costs		**(353)**	(112)
Income tax paid		**(46)**	(348)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	22 (b)	**14,546**	14,093
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current assets		**3,920**	1,140
Purchase of non-current assets		**(9,571)**	(11,475)
Payment for purchase of non-current asset held in escrow		**–**	(2,341)
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**(5,651)**	(12,676)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(6,268)**	(6,268)
Payment of lease liabilities		**(4,670)**	(4,423)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**(10,938)**	(10,691)
Net increase / (decrease) in cash and cash equivalents		**(2,043)**	(9,274)
Cash (net of bank overdrafts) at beginning of financial year		**14,134**	23,408
CASH (NET OF BANK OVERDRAFTS) AT END OF FINANCIAL YEAR	22 (a)	**12,091**	14,134

The notes on pages 33 to 66 are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

Note 1 – Significant Accounting Policies

Except for the changes explained here within, the Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Reporting Entity

Engenco Limited (the 'Company') is domiciled in Australia. The Company's registered office is at Level 22, 535 Bourke Street, Melbourne, VIC 3000. These consolidated financial statements comprise the Company and its subsidiaries (collectively 'the Group' and individually 'Group companies'). The Group is a for-profit entity and is involved in the delivery of a diverse range of engineering services and products.

Basis of Accounting

Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 19 August 2021.

Functional and Presentation Currency

These consolidated financial statements are presented in AUD, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Use of Judgements and Estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that may have a risk of resulting in a material adjustment in the year ended 30 June 2021 is included in the following notes:

- Note 4 – Revenue and Other Income
- Note 6 – Tax
- Note 9 – Trade and Other Receivables
- Note 10 – Inventories
- Note 11 – Leases and Commitments

COVID-19 Considerations

The ongoing COVID-19 global pandemic has increased the estimation uncertainty in the preparation of financial statements, generally, due to the impact of the following key factors:

- the extent and duration of restrictive actions put in place by governments as a response to the health emergency and to contain the spread of the virus, and the follow-on effects this has on industries, businesses and consumers;
- the extent and duration of the expected economic downturn. This includes uncertainty relating to potential disruption to capital markets, a deteriorating credit environment, higher unemployment, heightened geo-political tensions, and changes in consumer discretionary spending behaviours; and
- the effectiveness of government measures that have and will be put in place to support businesses and consumers through the changeable conditions, social disruption and economic downturn.

During FY21, the Group experienced the following key impacts on its operations and financial statements as a result of the COVID-19 global pandemic environmental factors:

- Governments took varying approaches to containment of the virus in Australia and Europe, being Engenco's key markets.
- In general, transportation, defence and mining activities, and the support services thereto that Engenco provides, have been considered an essential service and have continued without a significant impact on Engenco's main operations.
- Customer facing business operations that have been impacted to some degree include CERT Training, whom provide training to the rail industry in a classroom environment; and supply chain disruptions and travel restrictions especially for Hedemora Turbo & Diesel in Sweden and the USA, but also impeding domestic business development activities across the Group.
- In Engenco's key markets, governments put in place fiscal and economic stimulus packages of varying natures as specific markets experienced impacts from the pandemic.

In respect of these financial statements, the impact of the COVID-19 pandemic is primarily relevant to estimates of future performance which is in turn relevant to the areas of recoverability of receivables (Note 9), net realisable value of inventory (Note 10), impairment of non-financial assets (right-of-use assets, Note 11 and property, plant and equipment, Note 13) and recoverability of income tax losses (Note 6).

In making estimates of future performance, the following assumptions and judgements in relation to the potential impact of COVID-19 have been applied by the Group. Actual results may differ from these estimates under different assumptions and conditions.

- Engenco's operations are nationally diverse across the Australian states and regions, with material operations separated across all of the major states.

Note 1 – Significant Accounting Policies (continued)

- It is expected that States will continue to be operating with differing degrees of COVID-19 impacts and restrictions and our diversity of operations will assist our continued operation as COVID-19 responses change.
- The services the Group provides and the industries served continue to be considered essential services, and sites continue operating with strict COVID-19 safety plans in place. Operations are expected to continue on a similar basis to those that have been in place from the outset of the pandemic, which include a degree of COVID-19 disruption, into the future until governments decide that immunisation levels are adequate to manage the health risks associated with the Pandemic. Government fiscal and economic stimulus packages are expected to be maintained or extended as required, but are phased out as economies return to historical output levels in future periods.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for non-derivative financial instruments at fair value through profit or loss, which are measured at fair value.

Going Concern

The consolidated financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity, and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Significant Accounting Policies

(a) Basis of Consolidation

Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(b) Impairment

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(c) Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in Other Comprehensive Income (OCI):

- Fair Value through Other Comprehensive Income (FVTOCI) equity investments (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- Qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Finance Income and Finance Costs

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- The net gain or loss on financial assets at fair value through profit or loss;
- The foreign currency gain or loss on financial assets and financial liabilities; and
- Impairment losses recognised on financial assets (other than trade receivables).

Interest income or expense is recognised using the effective interest method.

(e) Government Grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

(f) Goods and Services Tax (GST)

Revenues, expenses and non-financial assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) Share Based Payments

The Group operates an employee share based purchase plan that allows staff members, based on the Plan rules, to purchase Engenco shares on the pre-tax basis and at a 5% market discount. The value of the 5% discount benefit to which employees become entitled is measured at grant date and recognised as an expense over the minimum holding period, with a corresponding increase to an equity account. The shares are valued at the volume-weighted average price of the Company's shares trade on the Australian Securities Exchange during the five business days immediately preceding the day the shares are issued.

(h) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(i) Rounding of Amounts

The Group has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars (unless otherwise indicated).

(j) New Accounting Standards and Interpretations

New accounting standards adopted

The Group has adopted the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") that are relevant to its operations and effective for the current reporting period.

New and revised Standards and Interpretations effective for the current reporting period that are relevant to the Group include:

- *Definition of a Business* (Amendments to AASB 3)
- *Definition of a Material* (Amendments to AASB 101)
- *Disclosure of the Effect of New IFRS Standards not yet issued in Australia* (Amendments to AASB 1054 Australian Additional Disclosures)
- *Interest Rate Benchmark Reform* (Amendments to AASB 9)
- *IFRIC Agenda Decision: Configuration or customization costs in a cloud computing arrangement*
- *Covid-19 Related Rent Concessions* (Amendments to AASB 16)

Note 1 – Significant Accounting Policies (continued)

The new standards adopted did not have a material impact to the Group.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Other Accounting Standards

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended statements in preparing these consolidated financial statements.

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- *Amendments to Australian Standard Improvements 2018-2020 and Other Amendments*
- *Classification of Liabilities as Current or Non-Current* (Amendments to AASB 101)
- *Definition of Accounting Estimates* (Amendments to IAS 8)
- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to AASB 137)
- *Insurance Contracts (*Amendments to AASB 17)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to IAS 12)
- *IFRIC Agenda Decision: Classification of debt with covenant as current or non-current*

Note 2 – Controlled Entities

Note: Subsidiaries are indented beneath their parent entity	Country of Incorporation	Date of Control	Percentage Owned 2021	Percentage Owned 2020
• **Engenco Limited**	Australia			
– Convair Engineering Pty Ltd	Australia	1 Jul 06	**100**	100
– Engenco Logistics Pty Ltd	Australia	1 Jul 06	**100**	100
– – Asset Kinetics Pty Ltd	Australia	1 Jul 06	**100**	100
– Engenco 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	Australia	30 Apr 07	**100**	100
– – EGN Rail (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 Pty Ltd[1]	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
– – – Turbochargers USA Inc.	USA	31 Dec 08	**100**	100
– – – – Hydradix Inc.	USA	31 Dec 08	**100**	100
– – – Hedemora Investments AB	Sweden	1 Jul 06	**100**	100
– – – – Hedemora Turbo & 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
– – 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

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

Note 3 – Operating Segments

Basis of Segmentation

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director/CEO (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of service offerings since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Types of Products and Services by Segment

The chief operating decision maker considers the business from a Business Line perspective and has identified five (5) reportable segments as follows:

(a) Gemco Rail

Gemco Rail specialises in the remanufacture and repair of locomotives, wagons, bearings and other rail products for rail operators and maintainers. Gemco Rail provides wheel-set, bogie and in-field wagon maintenance and manufactures new and refurbished wagons, bogie component parts, customised remote controlled ballast car discharge gates, and a range of rail maintenance equipment and spares.

(b) Convair Engineering (Convair)

Convair is a manufacturer of bulk pneumatic road tankers and mobile silos for the carriage and storage of construction materials, grains, and other dry bulk materials. Additional services include maintenance, repair and overhaul, and provisioning of ancillary equipment and spare parts sales.

(c) Drivetrain

Drivetrain is a provider of technical sales and services to the mining, oil & gas, rail, transport, defence, marine, construction, materials handling, automotive, agriculture, and power generation industries. A broad product and service offering includes engine and powertrain maintenance, repair and overhaul, new components and parts, fluid connector products, power generation design and construction, technical support, professional engineering and training services.

(d) Momentum Rail

Momentum Rail is a provider of personnel and project management services to freight rail and mining rail infrastructure managers. Services include professional recruitment, training and workforce solutions, including managing and provisioning track construction and maintenance projects.

(e) Centre for Excellence in Rail Training (CERT Training)

CERT Training provides specialist rail training including the provision of competency based training; issuing of certificates of competency; rail incident investigation training; security (transit guard) training; first aid training; company inductions and course design; and management of apprenticeship and trainee schemes to major infrastructure and rail clients.

(f) All Other

This includes the parent entity, non-reportable segments and consolidation / inter-segment elimination adjustments.

Basis of Reporting by Operating Segments

(a) Basis of reporting

Unless stated otherwise, all amounts reported to the Managing Director/CEO as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Inter-segment transactions

An internal transfer price is set for all inter-segment sales. This price is set based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

(c) Segment assets

Assets are allocated to segments where there is a nexus between control and ownership of the asset and the operations of the business. Segment assets are disclosed at the net of capital expenditure, investments and intangibles. Unless indicated otherwise in the segment assets note, deferred tax assets have not been allocated to operating segments.

(d) Segment liabilities

Liabilities are allocated to segments where there is nexus between the incurrence of the liability and the operations of the segment. Unless indicated otherwise in the segment liabilities note, deferred tax liabilities have not been allocated to operating segments.

Information about Reportable Segments

Information related to each reportable segment is set out below. Segment EBITDA is used to measure performance because management believes this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

(i) Segment Performance

Year ended 30 June 2021

Reportable Segments	Gemco Rail $'000	Convair $'000	Drivetrain $'000	Momentum Rail $'000	CERT Training $'000	All Other $'000	Group $'000
REVENUE							
External revenue	**78,572**	**16,459**	**42,635**	**12,444**	**9,233**	**6,238**	**165,581**
Inter-segment revenue	**–**	**–**	**36**	**58**	**52**	**1,018**	**1,164**
Interest revenue	**–**	**–**	**5**	**–**	**–**	**7**	**12**
TOTAL SEGMENT REVENUE	**78,572**	**16,459**	**42,676**	**12,502**	**9,285**	**7,263**	**166,757**
Reconciliation of segment revenue to Group revenue:							
Inter-segment eliminations	**–**	**–**	**–**	**–**	**–**	**(1,164)**	**(1,164)**
TOTAL GROUP REVENUE	**78,572**	**16,459**	**42,676**	**12,502**	**9,285**	**6,099**	**165,593**
SEGMENT EBITDA	**16,895**	**2,083**	**4,844**	**1,482**	**2,369**	**(10,864)**	**16,809**
Reconciliation of segment EBITDA to Group net profit / (loss) before tax:							
Depreciation and amortisation	**(4,566)**	**(452)**	**(1,058)**	**(25)**	**(296)**	**(699)**	**(7,096)**
Finance costs	**(746)**	**(92)**	**(160)**	**(1)**	**(78)**	**(367)**	**(1,444)**
NET PROFIT / (LOSS) BEFORE TAX	**11,583**	**1,539**	**3,626**	**1,456**	**1,995**	**(11,930)**	**8,269**

Year ended 30 June 2020

Reportable Segments	Gemco Rail $'000	Convair $'000	Drivetrain $'000	Momentum Rail $'000	CERT Training $'000	All Other $'000	Group $'000
REVENUE							
External revenue	87,239	14,817	45,807	14,135	10,119	5,874	177,991
Inter-segment revenue	2	–	179	284	96	3,497	4,058
Interest revenue	–	–	15	–	–	57	72
TOTAL SEGMENT REVENUE	87,241	14,817	46,001	14,419	10,215	9,428	182,121
Reconciliation of segment revenue to Group revenue:							
Inter-segment eliminations	–	–	–	–	–	(4,058)	(4,058)
TOTAL GROUP REVENUE	87,241	14,817	46,001	14,419	10,215	5,370	178,063
SEGMENT EBITDA	16,933	1,564	5,531	1,552	1,528	(8,575)	18,533
Reconciliation of segment EBITDA to Group net profit / (loss) before tax:							
Depreciation and amortisation	(4,160)	(520)	(1,155)	(23)	(207)	(872)	(6,937)
Finance costs	(835)	(98)	(195)	(11)	(44)	(263)	(1,446)
NET PROFIT / (LOSS) BEFORE TAX	11,938	946	4,181	1,518	1,277	(9,710)	10,150

Note 3 – Operating Segments (continued)

(ii) Segment Assets

As at 30 June 2021

Reportable Segments	Gemco Rail $'000	Convair $'000	Drivetrain $'000	Momentum Rail $'000	CERT Training $'000	All Other $'000	Group $'000
ASSETS							
Segment assets	**55,436**	**8,883**	**36,601**	**4,401**	**5,711**	**13,722**	**124,754**
Capital expenditure	**4,393**	**289**	**322**	**37**	**23**	**4,874**	**9,938**
Intangibles	**–**	**–**	**–**	**–**	**–**	**340**	**340**
Reconciliation of segment assets to Group assets:							
Inter-segment eliminations	**–**	**–**	**–**	**–**	**–**	**–**	**(4,282)**
Unallocated items:							
Deferred tax assets	**–**	**–**	**–**	**–**	**–**	**–**	**15,612**
TOTAL ASSETS	**59,829**	**9,172**	**36,923**	**4,438**	**5,734**	**18,936**	**146,362**

As at 30 June 2020

Reportable Segments	Gemco Rail $'000	Convair $'000	Drivetrain $'000	Momentum Rail $'000	CERT Training $'000	All Other $'000	Group $'000
ASSETS							
Segment assets	55,661	12,962	40,767	7,973	11,478	(4,139)	124,702
Capital expenditure	7,736	391	155	–	55	2,778	11,115
Intangibles	–	–	–	–	–	127	127
Reconciliation of segment assets to Group assets:							
Inter-segment eliminations	–	–	–	–	–	–	(4,504)
Unallocated items:							
Deferred tax assets	–	–	–	–	–	–	12,159
TOTAL ASSETS	63,397	13,353	40,922	7,973	11,533	(1,234)	143,599

(iii) Segment Liabilities

As at 30 June 2021

Reportable Segments	Gemco Rail $'000	Convair $'000	Drivetrain $'000	Momentum Rail $'000	CERT Training $'000	All Other $'000	Group $'000
LIABILITIES							
Segment liabilities	**53,985**	**6,721**	**48,029**	**1,988**	**2,288**	**(56,889)**	**56,122**
Reconciliation of segment liabilities to Group liabilities:							
Inter-segment eliminations	**–**	**–**	**–**	**–**	**–**	**–**	**(4,282)**
Unallocated items:							
Deferred tax liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**194**
TOTAL LIABILITIES	**53,985**	**6,721**	**48,029**	**1,988**	**2,288**	**(56,889)**	**52,034**

As at 30 June 2020

Reportable Segments	Gemco Rail $'000	Convair $'000	Drivetrain $'000	Momentum Rail $'000	CERT Training $'000	All Other $'000	Group $'000
LIABILITIES							
Segment liabilities	52,755	8,410	49,598	3,947	6,991	(62,639)	59,062
Reconciliation of segment liabilities to Group liabilities:							
Inter-segment eliminations	–	–	–	–	–	–	(4,504)
Unallocated items:							
Deferred tax liabilities	–	–	–	–	–	–	447
TOTAL LIABILITIES	52,755	8,410	49,598	3,947	6,991	(62,639)	55,005

(iv) Geographical Information

The geographical information analyses the Group's revenue and assets by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the selling party and segment assets were based on the geographical location of the assets.

Revenue	2021 $'000	2020 $'000
Australasia	**158,364**	168,662
Europe	**7,229**	9,401
United States of America	**–**	–
TOTAL REVENUE	**165,593**	178,063

Assets	2021 $'000	2020 $'000
Australasia	**134,597**	134,845
Europe	**11,747**	8,733
United States of America	**18**	21
TOTAL ASSETS	**146,362**	143,599

(v) Major Customers

Revenue from one customer of the Group, across multiple segments, represents greater than 10% of the Group's total revenue in the current year.

Note 4 – Revenue and Other Income

Revenue is recognised as contract performance obligations are satisfied. The total contract consideration is allocated to the performance obligations based on their observable stand alone selling prices. Revenue is recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- Over time, in a manner that depicts the entity's performance; or
- At a point in time, when control of the goods or services is transferred to the customer.

Sale of Goods

The Group engages in the sale of spare parts and components for various rail, road, powertrain and gas compression industry sectors. Revenue is recognised at a point in time when a customer obtains control of the goods. Revenue is measured net of returns, trade discounts and volume rebates.

Rendering of Services

The Group performs a number of services to various industry sectors, including maintenance, repairs and overhauls. Revenue is recognised as contract performance obligations are satisfied over time. The total contract consideration is allocated to the performance obligations based on their observable stand alone selling prices.

Construction Contracts

The Group is involved in the manufacture of wagons, carriages, rail equipment and dry bulk tankers. Revenue is recognised as contract performance obligations are satisfied over time. The total contract consideration is allocated to the performance obligations based on their observable stand alone selling prices. Claims and variations are included in the contract consideration only when they are approved.

RTO Training

The Group's RTO entity (CERT Training) delivers nationally accredited and industry-based training courses. Revenue is recognised at the point in time when the performance obligation is satisfied.

Lease Rental Income

The Group leases out its fleet of rollingstock and certain items of property, plant and equipment to customers in the form of operating lease arrangements. Rental income from leased plant and equipment is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

	2021 $'000	2020 $'000
SALES REVENUE		
Sales of goods and services	**164,867**	176,993
Lease rental income	**714**	998
TOTAL SALES REVENUE	**165,581**	177,991
OTHER REVENUE		
Interest received – external	**12**	72
TOTAL OTHER REVENUE	**12**	72
TOTAL REVENUE	**165,593**	178,063
OTHER INCOME		
Gain on disposal of property, plant and equipment	**2,508**	396
Other gains	**2,288**	2,519
TOTAL OTHER INCOME	**4,796**	2,915

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Revenue Stream	Revenue Recognition	2021 $'000	2020 $'000
Sale of goods	Point in time	**44,050**	48,902
Rendering of services	Over time	**38,008**	42,165
Construction contracts	Over time	**73,524**	75,711
RTO training	Point in time	**9,285**	10,215
Lease rental income	Over time	**714**	998
TOTAL SALES REVENUE		**165,581**	177,991

Contract Assets and Liabilities

Contract assets are recognised as the right to consideration in exchange for work completed on construction contracts and services rendered but not billed on the reporting date. Contract liabilities are recognised when the Group has an obligation to transfer goods or services to a customer for which the entity has received consideration from the customer.

	2021 $'000	2020 $'000
Contract assets	**4,160**	4,897
Contract liabilities	**2,380**	2,690

Note 5 – Expenses

	2021 $'000	2020 $'000
FINANCE COSTS		
Finance costs – leases	**1,091**	1,236
Other finance costs	**353**	210
TOTAL FINANCE COSTS	**1,444**	1,446
EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	**52,474**	55,279
Annual leave expense	**2,932**	2,608
Long service leave expense	**133**	417
Restructuring	**163**	512
Defined contribution plan	**4,420**	4,359
TOTAL EMPLOYEE BENEFITS EXPENSE	**60,122**	63,175
RENTAL EXPENSE ON OPERATING LEASES		
Operating lease payments*	**1,861**	1,508
TOTAL RENTAL EXPENSE ON OPERATING LEASES	**1,861**	1,508

* The operating lease payments expense disclosed above relates to outgoings, short term and low value leases (all of which are not lease accounted or contained within Note 11).

Note 6 – Tax

Tax Consolidation

Engenco Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities/assets and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 31 October 2007. The tax consolidated group has entered into a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

Income tax expense/benefit comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or OCI.

Estimates and Judgements

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors' understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by taxable authorities in relevant jurisdictions.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

	2021 $'000	2020 $'000
CURRENT		
Income tax receivable / (payable)	**86**	56
TOTAL CURRENT INCOME TAX	**86**	56

	2021 $'000	2020 $'000
(a) The components of tax expense / (benefit) comprise:		
Current income tax expense / (benefit)		
– Current income tax expense / (benefit)	**(187)**	190
Deferred income tax expense / (benefit)		
– Origination and reversal of temporary differences	**(3,505)**	(3,463)
Income tax expense / (benefit) reported in the Statement of Profit or Loss and OCI	**(3,692)**	(3,273)
(b) A reconciliation between tax expense / (benefit) and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before tax	**8,269**	10,150
At the Company's statutory domestic income tax rate of 30% (2020: 30%)	**2,481**	3,045
Add / (Less) tax effect of:		
– Foreign tax rate adjustment	**(57)**	45
– Utilisation of tax losses – Australia	**(1,915)**	(2,931)
– Losses for which no deferred tax asset is recognised	**(3)**	16
– Instant asset write-off	**(984)**	–
– Adjustments for prior years	**5**	–
– Other non-allowable items	**118**	15
– Movements in recognised temporary differences	**168**	185
– Other (deferred tax asset partial recognition of prior year loses)	**(3,505)**	(3,648)
Income tax expense / (benefit)	**(3,692)**	(3,273)

The tax receivable and payable relates to the Group companies outside the Australian Tax Consolidated Group.

Note 6 – Tax (continued)

	Consolidated Group							
	Opening Balance $'000	Balance Acquired $'000	(Credited)/ Charged to Income $'000	Charged Directly to Equity $'000	Changes in Tax Rate $'000	Exchange Differences $'000	Other $'000	Closing Balance $'000
NON-CURRENT								
Deferred tax liabilities:								
Other	547	–	(100)	–	–	–	–	447
BALANCE AT 30 JUNE 2020	**547**	**–**	**(100)**	**–**	**–**	**–**	**–**	**447**
Other	447	–	(253)	–	–	–	–	194
BALANCE AT 30 JUNE 2021	**447**	**–**	**(253)**	**–**	**–**	**–**	**–**	**194**
Deferred tax assets:								
Provisions	1,156	–	(285)	1,322	–	–	108	2,301
Accruals	–	–	–	–	–	–	–	–
Losses	6,210	–	3,648	–	–	–	–	9,858
BALANCE AT 30 JUNE 2020	**7,366**	**–**	**3,363**	**1,322**	**–**	**–**	**108**	**12,159**
Provisions	2,301	–	(52)	–	–	–	–	2,249
Accruals	–	–	–	–	–	–	–	–
Losses	9,858	–	3,505	–	–	–	–	13,363
BALANCE AT 30 JUNE 2021	**12,159**	**–**	**3,453**	**–**	**–**	**–**	**–**	**15,612**

The Company has estimated Australian carry forward operating tax losses of $59,267,654 at June 2021 (2020: $69,548,820) which are not fully recognised. The ability to utilise the operating tax losses will be subject to satisfying relevant eligibility criteria for the recoupment of carry forward tax losses.

An additional deferred tax asset of $3,505,287 was partially recognised in 2021 from previously unrecognised tax losses, based on the probable nature that future taxable profits would be available against which the tax losses can be recovered and, therefore, the related deferred tax asset can be realised.

Note 7 – Earnings Per Share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	2021 $'000	2020 $'000
(a) RECONCILIATION OF EARNINGS TO PROFIT OR LOSS		
Profit for the year	**11,961**	13,423
(Profit) for the year, attributable to non-controlling interest	**–**	–
Earnings used to calculate basic EPS	**11,961**	13,423
Earnings used in the calculation of dilutive EPS	**11,961**	13,423

	No. '000	No. '000
(b) WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE YEAR USED IN CALCULATING BASIC EPS	**313,464**	313,381
Weighted average number of dilutive options outstanding	**–**	–
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**313,464**	313,381

Note 8 – Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, where the Group does not have the legal right and the intention to settle on a net basis, are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

	2021 $'000	2020 $'000
CASH AT BANK AND IN HAND	**12,091**	14,447
	12,091	14,447

As at the reporting date, where the Group has the legally enforceable right of set-off and the intention to settle on a net basis within its banking facilities, the Group has set-off bank overdrafts of $9,353,806 (2020: $24,539,135) against cash and cash equivalents of $19,115,522 (2020: $33,399,238) resulting in a net positive cash position for these accounts of $9,761,716 (2020: $8,860,103).

Note 9 – Trade and Other Receivables

	2021 $'000	2020 $'000
CURRENT		
Trade receivables	**23,903**	26,586
Provision for impairment of receivables	**(259)**	(365)
TOTAL TRADE RECEIVABLES	**23,644**	26,221
Sundry receivables	**92**	148
TOTAL OTHER RECEIVABLES	**92**	148
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	**23,736**	26,369

(a) Expected Credit Loss Provision for Impairment of Receivables

The Group has a Credit Management Policy under which each new customer application is analysed individually for creditworthiness before the Group offers any form of credit, or any variation to the standard terms and conditions. Credit facilities are generally offered on terms of 30 to 60 days from end of month. The Group's review procedure includes the utilisation of external ratings, credit agency information and other industry information. Credit limits are established and monitored for each customer with any sales exceeding these limits requiring approval. The Group monitors the economic environments in which it operates, and proactively takes any necessary actions to limit its credit exposure to customers and industries that are experiencing economic volatility.

The Group has adopted the simplified approach when calculating its expected credit loss provisions. This allows the recognition of lifetime expected credit losses at all times. This provision is reassessed when there is a significant change in credit risk. These amounts have been included in the provision for impairment of accounts receivable.

The Group uses a provisions matrix to measure the expected credit losses of trade receivables from individual customers. Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately per operating segment. Loss rates are based on actual credit loss experience over the past three years, which are adjusted where deemed necessary for economic factors to reflect differences in economic conditions over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The expected credit loss allowances for trade receivables are calculated based on key assumptions that determine the weighted average loss rates and overall loss allowance.

	2021			2020			
	Weighted average loss rate %	Gross carrying amount $'000	Loss allowance $'000	Weighted average loss rate %	Gross carrying amount $'000	Loss allowance $'000	Credit impaired
Current (not past due)	**0.26%**	**21,296**	**56**	0.26%	24,574	64	**No**
1 – 30 days past due	**1.96%**	**1,788**	**35**	2.82%	965	27	**No**
31 – 60 days past due	**6.19%**	**97**	**6**	9.66%	3	–	**No**
61 – 90 days past due	**16.11%**	**509**	**82**	12.24%	672	82	**No**
More than 90 days past due	**37.56%**	**213**	**80**	41.63%	308	128	**Yes**
TOTAL ECL PROVISION		**23,903**	**259**		26,522	301	
Specific Provision		**–**	**–**		64	64	**Yes**
TOTAL PROVISION		**23,903**	**259**		26,586	365	

Note 10 – Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of finished goods includes direct materials, direct labour and an appropriate portion of variable and fixed overheads included in bringing them to their existing location and condition. Costs are assigned on the basis of weighted average costs.

The cost of raw materials includes all costs to transport the goods to a location ready for use including any duties and charges on items purchased overseas.

	2021 $'000	2020 $'000
CURRENT		
At cost:		
– Work in progress	**4,063**	4,395
– Finished goods	**31,558**	27,796
	35,621	32,191
At net realisable value:		
– Work in progress	**–**	–
– Finished goods	**10,213**	9,652
	10,213	9,652
TOTAL INVENTORY	**45,834**	41,843

The Group has completed a comprehensive review of the carrying value of inventory, taking into consideration microeconomic factors. As a result of the review, inventory was impaired by $1,113,000 (2020: $139,000).

Note 11 – Leases and Commitments

Leasing activities and accounting policy

Engenco leases various properties and equipment. Property leases typically are for a period of 3 to 10 years and often have extension options and equipment leases are typically for a period of 3 to 5 years. The Group accounts for these leases under AASB 16: *Leases.* AASB 16, requires that operating leases be recognised on-balance sheet through the recognition of a Right-of-Use (ROU) Asset and Lease Liability. Lease expenditure is recognised as depreciation and interest.

Under AASB 16 there is a single, on balance sheet accounting model. The assessment of whether a contract contains a lease determines whether the arrangement is recognised on- or off-balance sheet.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. There are three key elements of the lease definition, and all three must be met in order for the contract to contain a lease and the entity therefore be able to apply lease accounting under AASB 16:

- Contract contains an identified asset;
- The lessee obtains substantially all the economic benefits from the use of the asset; and
- The lessee directs the use of the asset.

Judgements and Estimates

The Group applies judgement to determine the lease term for some contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts on the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension term. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or change in circumstance occurs which affects this assessment and that is within the control of the lessee.

Engenco applies a number of the practical expedients and exemptions including:

- The application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Recognition exemption for short-term and low-value leases – Leases which have a lease term of less than 12 months or are less than A$10,000 in annual value will not be accounted for under AASB 16;
- The use of hindsight in determining the lease term.

Another practical expedient that is available to the Group, is to not separate non-lease components from lease components, and instead account for each lease component and any associated non lease components as a single lease component. The Group has

Note 11 – Leases and Commitments (continued)

not elected to combine lease and non-lease components for its property leases. As such, the calculated lease liability excludes an estimate of the stand-alone price of the non-lease component.

Movements in the Period

	1 Jul 2020 $'000	Additions $'000	Depreciation $'000	Modifications/ De-recognition $'000	30 Jun 2021 $'000
RIGHT-OF-USE ASSETS					
Property	19,932	2,265	(3,818)	45	**18,424**
Equipment	314	751	(219)	23	**869**
TOTAL RIGHT-OF-USE ASSETS	**20,246**	**3,016**	**(4,037)**	**68**	**19,293**

	1 Jul 2020 $'000	Additions $'000	Payments $'000	Modifications/ De-recognition $'000	30 Jun 2021 $'000
LEASE LIABILITIES					
Property	21,428	2,223	(3,216)	(323)	**20,112**
Equipment	324	737	(203)	40	**898**
TOTAL LEASE LIABILITIES	**21,752**	**2,960**	**(3,419)**	**(283)**	**21,010**
Current lease liabilities	3,338				**3,901**
Non-current lease liabilities	18,414				**17,109**

(a) Leases as a Lessor

The Group leases out portions of its fleet of rollingstock as well as other select items of property, plant and equipment to customers. At the end of the reporting period, the future minimum lease payments under non-cancellable leases which are receivable are shown below.

	2021 $'000	2020 $'000
OPERATING LEASE RECEIVABLES		
Receivable – minimum lease payments:		
– not later than 12 months	**115**	503
– between 12 months and 5 years	**436**	486
– greater than 5 years	**–**	65
	551	1,054

Note 12 – Other Assets

	2021 $'000	2020 $'000
CURRENT		
Other current assets	**232**	2,691
Prepayments	**1,416**	1,269
TOTAL CURRENT OTHER ASSETS	**1,648**	3,960

Note 13 – Property, Plant and Equipment

Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line or diminishing returns method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The depreciation rates used for each class of depreciable assets are:

Class of Property, Plant & Equipment	Depreciation Rate
Buildings	2.5%
Leasehold improvements	10%-100%
Plant and equipment	5%-67%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

	2021 $'000	2020 $'000
LAND AND BUILDINGS		
FREEHOLD LAND:		
– At cost	**5,520**	2,578
TOTAL LAND	**5,520**	2,578
BUILDINGS:		
– At cost	**2,200**	806
– Less accumulated depreciation	**(695)**	(668)
TOTAL BUILDINGS	**1,505**	138
TOTAL LAND AND BUILDINGS	**7,025**	2,716
PLANT AND EQUIPMENT		
– At cost	**88,842**	85,436
– Less accumulated depreciation and impairment	**(74,574)**	(72,145)
TOTAL PLANT AND EQUIPMENT	**13,908**	13,291
LEASEHOLD IMPROVEMENTS		
– At cost	**7,123**	6,726
– Accumulated depreciation	**(4,499)**	(3,896)
TOTAL LEASEHOLD IMPROVEMENTS	**2,624**	2,830
TOTAL PROPERTY, PLANT AND EQUIPMENT	**23,557**	18,837

Note 13 – Property, Plant and Equipment (continued)

(a) Reconciliation of Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Consolidated Group				
	Freehold Land $'000	Buildings $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Total $'000
BALANCE AT 30 JUNE 2019	**53**	**154**	**289**	**11,236**	**11,732**
Additions	2,525	–	3,170	5,420	11,115
Disposals	–	–	–	(722)	(722)
Impairment	–	–	–	(195)	(195)
Depreciation expense	–	(16)	(629)	(2,448)	(3,093)
BALANCE AT 30 JUNE 2020	**2,578**	**138**	**2,830**	**13,291**	**18,837**
Additions	2,942	1,394	424	5,178	9,938
Disposals	–	–	(27)	(2,132)	(2,159)
Depreciation expense	–	(27)	(603)	(2,429)	(3,059)
BALANCE AT 30 JUNE 2021	**5,520**	**1,505**	**2,624**	**13,908**	**23,557**

Note 14 – Net Tangible Assets

The Group's Net Tangible Assets (NTA) is calculated as the net of net assets (excluding net deferred tax, non-controlling interest and intangible assets) over fully paid ordinary shares. There was no change to the Group's approach to calculating NTA.

	2021 Cents	2020 Cents
Net tangible assets per ordinary share: 313,489,018 shares (2020: 313,380,943 shares)	**27.0**	26.2

Note 15 – Intangible Assets

Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, and computer software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the reducing-balance method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

Class of Intangible Asset	Useful Life
Customer-related intangibles	3-10 years
Patents and trademarks	Up to 13 years
Development costs	Life of project
Other intangible assets	5-8 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

	2021 $'000	2020 $'000
OTHER IDENTIFIABLE INTANGIBLES		
Cost:		
Opening balance	**13,110**	13,078
Additions	**277**	32
Closing balance	**13,387**	13,110
Accumulated amortisation and impairment:		
Opening balance	**(12,983)**	(12,878)
Amortisation for the year	**(64)**	(105)
Closing balance	**(13,047)**	(12,983)
NET BOOK VALUE	**340**	127
TOTAL INTANGIBLE ASSETS		
At cost	**13,387**	13,110
Accumulated amortisation and impairment	**(13,047)**	(12,983)
NET BOOK VALUE	**340**	127

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the Consolidated Statement of Profit or Loss and OCI.

Note 16 – Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability if expected to be settled within 12 months.

	2021 $'000	2020 $'000
CURRENT		
Unsecured liabilities:		
Trade payables	**13,539**	14,390
Sundry payables and accrued expenses	**2,753**	2,837
TOTAL TRADE AND OTHER PAYABLES	**16,292**	17,227

Note 17 – Financial Liabilities

Non-Derivative Financial Liabilities – Measurement

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Non-Derivative Financial Liabilities – Recognition and Derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial liabilities are initially recognised on the trade date, when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial liabilities are offset, and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

	Note	2021 $'000	2020 $'000
CURRENT			
Secured liabilities:			
Bank overdrafts	22(a)	–	313
Forward contract		–	658
TOTAL CURRENT FINANCIAL LIABILITIES		–	971

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note 23 – Financial Risk Management.

(a) Collateral Provided

Bank facility

The bank facility with the National Australia Bank (NAB) is comprised of a $20,000,000 Revolving Credit Facility, $6,000,000 Bank Guarantee Facility, $600,000 Credit Card Facility and $500,000 Set-off Facility. These facilities are secured against the Australian assets of the Group. The revolving credit facility expires on 31 October 2023, with the other facilities renewed annually.

Defaults and breaches

There were no defaults or breaches during the year ended 30 June 2021 on any of the above mentioned facilities.

(b) Debt Facilities and Credit Standby Arrangements

A summary of the Group's loan facilities is provided in the table below:

	Facility Available 2021 $'000	Facility Used 2021 $'000	Maturity Dates 2021	Facility Available 2020 $'000	Facility Used 2020 $'000	Maturity Dates 2020	Interest Basis
– NAB Revolving Credit Facility*	**27,100**	–	**Oct-23**	16,600		Nov-21	Floating
– Swedish Overdraft Facility (SEK)**	**935**	–	**Dec-21**	935	–	Dec-20	Floating
	28,035	–		17,535	–		

* Comprises net bank overdrafts, off balance sheet bank guarantees and business credit cards and other trade products.

** Facility is denominated in SEK, and presented in AUD above

Note 18 – Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provision for Long-Term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. Restructuring provisions include closure costs and redundancies announced before the reporting date.

Makegood

A provision has been recognised for makegood obligations at the end of the lease term for leased property. The Group calculates the provisions on the present value of future cash flows in respect of meeting contract obligations.

Onerous Contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 1(b)). The Group has identified loss making contracts which are non-cancellable. The obligation for expected future losses has been provided for as at the reporting date.

Other Provisions

Other provisions relate to various categories including provisions for warranty costs and other costs required to be incurred under contractual obligations.

	Consolidated Group						
	Long Service Leave Employee Benefits $'000	Annual Leave Employee Benefits $'000	Onerous Contracts $'000	Restructuring $'000	Makegood $'000	Other $'000	Total $'000
BALANCE AT 1 JULY 2020	**2,986**	**3,270**	**215**	**74**	**3,584**	**1,789**	**11,918**
Provisions raised	133	2,932	–	50	255	848	4,218
Provisions used	(241)	(2,430)	(74)	(81)	–	(1,157)	(3,983)
BALANCE AT 30 JUNE 2021	**2,878**	**3,772**	**141**	**43**	**3,839**	**1,480**	**12,153**
Current	2,389	3,772	141	43	122	1,480	7,947
Non-current	489	–	–	–	3,717	–	4,206
BALANCE AT 30 JUNE 2021	**2,878**	**3,772**	**141**	**43**	**3,839**	**1,480**	**12,153**

Note 19 – Contingent Liabilities

There are a number of legal claims and exposures which arise from the ordinary course of business. There is significant uncertainty as to whether a future liability will arise in respect to these items. The amount of the liability, if any, which may arise cannot be reliably measured at the reporting date.

The Group has arranged for its bankers to guarantee its performance to third parties. The maximum amount of these guarantees at 30 June 2021 is $1,166,687 (2020: $1,166,687).

Note 20 – Issued Capital and Reserves

(a) Share Capital

	2021 $'000	2020 $'000
313,489,018 (2020: 313,380,943) fully paid ordinary shares	**302,774**	302,719
	302,774	302,719

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with AASB 112: *Income Taxes*.

	2021 No.	2020 No.
At beginning of reporting period	**313,380,943**	313,380,943
Employee share purchase plan	**108,075**	–
AT REPORTING DATE	**313,489,018**	313,380,943

Ordinary shares are eligible to 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.

Employee Share Purchase Plan

At the 2020 Annual General Meeting, shareholders approved an Employee Share Purchase Plan (ESPP). The ESPP is available to all eligible employees each year to acquire ordinary shares in the Company from future remuneration (before tax). Shares to be issued or transferred under the ESPP will be valued at a 5% discount to the volume-weighted average price of the Company's shares traded on the Australian Securities Exchange during the five business days immediately preceding the day the shares are issued. Shares issued under the ESPP are not allowed to be sold, transferred or otherwise disposed of until the earlier of an initial three-year period, or the participant ceasing continuing employment with the Company.

The value of shares issued under the ESPP that was recognised during the year was $55,000.

(b) Nature and Purpose of Reserves

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of overseas subsidiaries.

Profit reserve

The profit reserve comprises a transfer of net profits and characterises profits available for distribution as dividends in future years.

(c) Dividends

After the reporting date, the following final dividend was declared by the board of directors. The dividend has not been recognised as a liability as at 30 June 2021, and there are no tax consequences.

	2021 $'000	2020 $'000
(a) INTERIM DIVIDEND DECLARED		
0.5 cents per ordinary share (2020: 0.5 cents)	**1,567**	1,567
(b) FINAL DIVIDEND DECLARED		
1.5 cents per ordinary share (2020: 1.5 cents)	**4,730**	4,701
(c) FRANKING CREDIT BALANCE		
Amount of franking credits available to shareholders of Engenco Limited for subsequent financial years are:		
Franking account balance as at the end of the financial year at 30% (2020: 30%)	**3,867**	6,553

Note 21 – Parent Entity Disclosures

As at, and throughout the financial year ended, 30 June 2021 the parent entity of the Group was Engenco Limited. The ultimate controlling party of the Company at reporting date was Elph Investments Pty Ltd, incorporated in Australia.

	2021 $'000	2020 $'000
(a) Financial Position of Parent Entity at year end		
ASSETS		
Current assets	**2,300**	15,476
Non-current assets	**49,529**	41,929
TOTAL ASSETS	**51,829**	57,405
LIABILITIES		
Current liabilities	**10,963**	25,726
Non-current liabilities	**3,887**	2,602
TOTAL LIABILITIES	**14,850**	28,328
NET ASSETS	**36,979**	29,077
EQUITY		
Issued capital	**302,774**	302,719
Profit reserve	**15,858**	10,166
Accumulated losses	**(281,653)**	(283,808)
TOTAL EQUITY	**36,979**	29,077
(b) Result of Parent Entity		
Profit for the year	**14,115**	15,665
Other comprehensive income	–	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**14,115**	15,665

(c) Parent Entity Guarantees in respect of the debts of its subsidiaries

The parent entity acts as guarantor for debt facilities. Details of these facilities can be found in Note 17(a) – Financial Liabilities.

(d) Parent Entity Contingent Liabilities

At 30 June 2021, the parent entity has no significant contingent liabilities (2020: NIL).

(e) Parent Entity Capital Commitments for acquisition of property, plant and equipment

At 30 June 2021, the parent entity had not entered into any contractual commitments for the acquisition of property, plant and equipment and other intangible assets (2020: NIL).

Note 22 – Cash Flow Information

(a) Reconciliation of Cash at End of Financial Year

	Note	2021 $'000	2020 $'000
Cash and cash equivalents	8	**12,091**	14,447
Bank overdrafts	17	**–**	(313)
CASH (NET OF BANK OVERDRAFTS) AT END OF FINANCIAL YEAR		**12,091**	14,134

(b) Reconciliation of Cash Flow from Operating Activities with Profit / (Loss) after Income Tax

	2021 $'000	2020 $'000
PROFIT AFTER INCOME TAX	**11,961**	13,423
Adjustments for non-cash items:		
– Depreciation	**7,040**	6,742
– Other intangibles amortisation	**56**	105
– Impairment losses on inventory	**1,113**	139
– Impairment of property, plant and equipment	**–**	195
– Movement in ECL provision	**(76)**	(140)
– Net finance costs	**341**	40
– Income tax expense / (benefit)	**(3,692)**	(3,273)
– Gain on sale of property, plant and equipment	**(2,508)**	(396)
	14,235	16,835
Changes in:		
– (Increase) / decrease in trade and other receivables	**6,847**	(787)
– (Increase) / decrease in prepayments	**(148)**	240
– (Increase) / decrease in inventories	**(3,875)**	(5,408)
– Increase / (decrease) in trade payables and accruals	**(2,360)**	344
– Increase / (decrease) in provisions	**234**	3,257
Cash provided by / (used in) operating activities	**14,933**	14,481
– Net interest paid	**(341)**	(40)
– Income taxes paid	**(46)**	(348)
CASH FLOW PROVIDED BY / (USED IN) OPERATIONS	**14,546**	14,093

(c) Reconciliation of Financial Liabilities in Financing Activities

	2020 $'000	Cash Flows $'000	Non-Cash Flows $'000	2021 $'000
Bank overdrafts	**313**	**–**	**(313)**	–
TOTAL FINANCIAL LIABILITIES	**313**	**–**	**(313)**	–

Note 23 – Financial Risk Management

The Group's financial instruments consist mainly of accounts receivable and payable, forward contracts, contract assets and liabilities, and leases.

	Note	2021 $'000	2020 $'000
FINANCIAL ASSETS			
Cash and cash equivalents	8	**12,091**	14,447
Trade and other receivables	9	**23,736**	26,369
Contract assets	4	**4,160**	4,897
Forward contracts		–	658
		39,987	46,371
FINANCIAL LIABILITIES			
Trade and other payables	16	**16,292**	17,227
Borrowings	17	–	313
Contract liabilities	4	**2,380**	2,690
Forward contracts		–	658
Lease liabilities	11	**21,010**	21,752
		39,682	42,640

The Group measures Trade and other receivables along with Trade and other payables at amortised costs. The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates. The Group initially measures derivatives at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and any changes therein are recognised in profit or loss.

At inception of the designated hedging relationship, the Group documented the risk management objective and strategy for undertaking the hedge. The Group also documented the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

i. Treasury Risk Management

Management, consisting of senior executives of the Group, discusses and monitors financial risk exposure and evaluates treasury management strategies in the context of current economic conditions and forecasts. Management's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Management operates under the supervision of members of the Board of Directors. Risk management transactions are approved by senior management personnel.

ii. Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, currency risk, liquidity risk and credit risk.

The Company's Audit and Risk Committee has overall responsibility for the establishment and oversight of the Group's risk management framework, and is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

a. Interest Rate Risk

Exposure to interest rate risk arises on financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Currently the Group's operations are financed using floating rate debt. The Group is not currently entered into any interest rate swaps to fix its floating rate debt.

The variable interest rate borrowings exposes the Group to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

Note 23 – Financial Risk Management (continued)

	2021 $'000	2020 $'000
FLOATING RATE INSTRUMENTS		
Bank overdrafts	–	313
TOTAL FLOATING RATE INSTRUMENTS	–	313

b. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages this risk through the following mechanisms:

- Preparing forecast cash flow analysis in relation to its operational, investing and financing activities;
- Monitoring undrawn credit facilities;
- Obtaining funding from a variety of sources;
- Managing credit risk related to financial assets; and
- Monitoring the maturity profile of financial liabilities.

The following table reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectations as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial Liability Maturity Analysis

	Consolidated Group							
	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
FINANCIAL LIABILITIES DUE FOR PAYMENT								
Trade and other payables	**16,292**	17,227	**–**	–	**–**	–	**16,292**	17,227
Bank overdrafts and loans	**–**	313	**–**	–	**–**	–	**–**	313
Contract liabilities	**2,380**	2,690	**–**	–	**–**	–	**2,380**	2,690
Forward contracts	**–**	658	**–**	–	**–**	–	**–**	658
Lease liabilities	**3,901**	3,338	**13,973**	14,668	**3,136**	3,746	**21,010**	21,752
TOTAL EXPECTED OUTFLOWS	**22,573**	24,226	**13,973**	14,668	**3,136**	3,746	**39,682**	42,640

c. Currency Risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the AUD functional currency of the Group. The majority of financial liabilities and assets of the Group are denominated in the functional currency of the operational location. These are primarily Australian Dollars and Swedish Krona.

d. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. Credit risk is managed through the maintenance of procedures (such procedures include monitoring of exposures, payment cycles and monitoring of the financial stability of significant customers and counter parties) ensuring to the extent possible, that customers and counter-parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms differ between each key business but are generally 30 to 60 days from end of month.

Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counter-party, then risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default. The Group has established procedures to ensure Personal Property Securities Act 2009 (Cth) registration is performed for all relevant assets. The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Consolidated Statement of Financial Position.

On a geographical basis the Group has significant credit risk exposures in Australia given the substantial operations in this region. Details with respect of the credit risk of Trade and Other Receivables can be found in Note 9. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 9 – Trade and Other Receivables.

Balances held with banks are with AA rated financial institutions, details of these holdings can be found in Note 8 – Cash and Cash Equivalents.

iii. Net Fair Values

Fair Value Estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Estimates, judgments and the associated assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices.

	Consolidated Group			
	2021 Carrying Value $'000	2021 Fair Value $'000	2020 Carrying Value $'000	2020 Fair Value $'000
FINANCIAL ASSETS				
Cash and cash equivalents	**12,091**	**12,091**	14,447	14,447
Trade and other receivables	**23,736**	**23,736**	26,369	26,369
Contract assets	**4,160**	**4,160**	4,897	4,897
Forward contracts	–	–	658	658
	39,987	**39,987**	46,371	46,371
FINANCIAL LIABILITIES				
Trade and other payables	**16,292**	**16,292**	17,227	17,227
Loans and borrowings	–	–	313	313
Contract liabilities	**2,380**	**2,380**	2,690	2,690
Forward contracts	–	–	658	658
Lease liabilities	**21,010**	**21,010**	21,752	21,752
	39,682	**39,682**	42,640	42,640

The fair values disclosed in the above table have been determined based on the following methodologies:

- Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value.
- Loans and borrowings have carrying values equivalent to fair value. The majority of these facilities have floating rates and those that are fixed are expected to be held to maturity and as such when discounted bear little resemblance to the carrying value.

Note 23 – Financial Risk Management (continued)

iv. Sensitivity Analysis

a. Interest Rate Risk and Currency Risk

The following tables illustrate sensitivities to the Group's exposures to changes in interest rates and foreign currency exchange rates. The tables indicate the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

b. Interest Rate Sensitivity Analysis

The Group is not sensitive to the effect on earnings and equity as a result of changes in the interest rate as at reporting date, the Group does not carry any debt balances subject to a floating interest rate.

c. Currency Risk Sensitivity Analysis

The effect on earnings and equity as a result of changes in the value of the Australian Dollar to the Swedish Krona, with all other variables remaining constant would be as follows:

	2021 $'000	2020 $'000
CHANGE IN EARNINGS		
– Improvement in AUD to SEK by 5%	**(35)**	(32)
– Decline in AUD to SEK by 5%	**35**	32
CHANGE IN EQUITY		
– Improvement in AUD to SEK by 5%	**529**	497
– Decline in AUD to SEK by 5%	**(529)**	(497)

The Group does not currently hedge against foreign exchange movements in net assets of its Swedish subsidiaries.

v. Capital Management

Management monitors the capital of the Group in an effort to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations. The Group's debt and capital includes ordinary shares and financial liabilities. The gearing ratios as at 30 June 2021 and 2020 are as follows:

	2021 $'000	2020 $'000
Total borrowings	**–**	313
Net debt / (cash)	**(12,091)**	(14,134)
Total equity	**94,328**	88,594
TOTAL EQUITY AND NET DEBT	**82,237**	74,460
GEARING RATIO	**(13%)**	(16%)

The gearing ratio is negative as the Group had positive Net Cash. As at 30 June 2021 it remained negative, albeit at a reduced level largely due to the cash utilisation in the current financial year.

Note 24 – Related Party Transactions

(a) Transactions with Key Management Personnel

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(i) Key Management Personnel Compensation

The totals of remuneration paid to key management personnel during the year (including termination benefits) are as follows:

	2021 $	2020 $
Short-term employee benefits	**1,184,415**	1,339,748
Post-employment benefits	**97,662**	116,863
Termination benefits	**–**	–
Other long-term benefits	**21,388**	14,254
TOTAL	**1,303,465**	1,470,865

Compensation of the Group's key management personnel includes salaries, superannuation and post-employment benefits.

(ii) Key Management Personnel Transactions

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

From time to time directors of the Group, or their related entities, may buy goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers.

Note 24 – Related Party Transactions (continued)

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

Related Party	Director	Revenue/(Cost) for the year ended 30 June 2021 $	2020 $	Receivable/(Payable) as at 30 June 2021 $	2020 $
Elphinstone Group (Aust) Pty Ltd[1]	D Elphinstone	**(91,502)**	(218,397)	**(17,285)**	(9,058)
William Adams Pty Ltd[2]	D Elphinstone	**(1,824)**	(864)	**–**	–
United Equipment Pty Ltd[3]	D Elphinstone	**(658,790)**	(634,210)	**(3,847)**	(20,670)
Southern Prospect Pty Ltd[4]	D Elphinstone	**9,924**	52,509	**547**	7,131
Elphinstone Pty Ltd[5]	D Elphinstone	**598,275**	1,177,869	**216,711**	6,345
Gekko Systems Pty Ltd[6]	D Elphinstone	**62,935**	–	**–**	–

1 Director fees and travel expense reimbursements were paid to Elphinstone Group (Aust) Pty Ltd for the services of Dale Elphinstone (Non-Executive Director). Legal service fees were also paid to Elphinstone Group (Aust) Pty Ltd during the year. Dale Elphinstone is Chairman of this entity.

2 Goods were purchased from William Adams Pty Ltd during the period. Dale Elphinstone is the Chairman and a director.

3 Goods were purchased from and sold to United Equipment Pty Ltd in the period. Dale Elphinstone is a director of this entity.

4 Goods were sold to Southern Prospect Pty Ltd during the period. Dale Elphinstone is the Chairman of this entity.

5 Goods were sold to Elphinstone Pty Ltd during the period. Dale Elphinstone is a director and the Chairman of this entity.

6 Goods were sold to Gekko Systems Pty Ltd during the period. Dale Elphinstone is a director of this entity.

(b) Other Related Party Transactions

The Group has the following balances outstanding at the reporting date in relation to transactions with related parties:

Related Party Transactions	2021 $'000	2020 $'000
Current receivables (parent entity):		
Receivables from subsidiaries	**468**	314

The intercompany loans extended from Engenco Limited to its wholly owned subsidiaries are extended on the following terms:

Term: Revolving Facility repayable when subsidiary is in a position to do so or as otherwise decided by the Company.

Rate: Fixed rate reviewable quarterly.

Note 25 – Auditor's Remuneration

	2021 $	2020 $
AUDIT AND REVIEW SERVICES		
Auditors of the Company		
– KPMG Australia – audit and review of financial statements	**300,000**	290,000
– KPMG Overseas – audit and review of financial statements	**32,027**	30,965
Other auditors		
– Audit and review of financial statements	**9,230**	15,592
TOTAL AUDIT AND REVIEW SERVICES	**341,257**	336,557
OTHER SERVICES		
Auditors of the Company		
– KPMG Australia – in relation to advisory service	**19,498**	–
– KPMG Overseas – in relation to taxation compliance services	**–**	7,078
TOTAL OTHER SERVICES	**19,498**	7,078
OTHER AUDITORS		
– Assurance Services	**–**	36,025
TOTAL OTHER SERVICES	**–**	36,025

Note 26 – Events Subsequent to Reporting Date

Acquisition of Eureka 4WD Training Pty Ltd

On 27 May 2021, the Company's subsidiary, Engenco Investments Pty Ltd, entered into an agreement to acquire 100% of the share capital of registered training organisation (RTO), Eureka 4WD Training Pty Ltd and its controlled entities (Eureka) for a consideration of $4,500,000. The acquisition was completed on 1 July 2021.

Eureka is a Perth based market-leading RTO focussed on providing certified four-wheel-drive vehicle training to the industrial, mining and consumer markets. The company also undertakes heavy road vehicle licensing training. The acquisition price for Eureka represents a multiple of 2.6 times the company's FY20 EBITDA, and is expected to be earnings per share accretive for the Group in FY22. The purchase price includes an earn-out component and will be funded via a combination of cash and new equity to be issued to the vendors.

Details of the purchase consideration:

	$'000
Cash paid	**2,500**
Issue of shares (shares issued: 1,869,404)	**1,000**
Deferred consideration	**1,000**
TOTAL PURCHASE CONSIDERATION	**4,500**

Note 25 – Auditor's Remuneration (continued)

The fair values of the identifiable assets and liabilities acquired as at the date of acquisition were:

	$'000
ASSETS ACQUIRED:	
Trade and other receivables	**217**
Other current assets	**73**
Property, plant and equipment	**1,633**
TOTAL ASSETS ACQUIRED	**1,923**
LIABILITIES ACQUIRED:	
Trade and other payables	**42**
Contract liabilites	**120**
Borrowings	**216**
Provisions	**57**
Current tax liabilities	**76**
Deferred tax liabilities	**454**
TOTAL LIABILITIES ACQUIRED	**965**
NET IDENTIFIABLE ASSETS	**958**
Add:	
Technology	**41**
Customer contracts	**329**
Brand names	**495**
Goodwill arising on acquisition	**2,611**
TOTAL PURCHASE CONSIDERATION, NET OF CASH ACQUIRED	**4,434**

Goodwill arose on the acquisition of Eureka due to the combination of the consideration paid for the business and the net assets acquired, less values attributed to other intangibles in the form of Technology, Customer Relationships and Brand Names. The value of goodwill represents the future benefit arising from the expected future earnings, synergies and personnel assumed via the acquisition. None of the goodwill is expected to be deductible for tax purposes.

The business combination post year end has been provisionally accounted for due to working capital adjustments still being finalised.

(a) Analysis of cash flows on acquisition

	$'000
OUTFLOW OF CASH TO ACQUIRE SUBSIDIARY, NET OF CASH ACQUIRED:	
Cash consideration	**2,500**
Less: Cash balance acquired	**66**
NET CASH OUTFLOW – INVESTING ACTIVITIES	**2,434**

Dividend Declaration

On 18 August 2021, the Board resolved to declare a final dividend of 1.5 cents per share (fully franked)]. Payment of the dividend to shareholders will take place on 28 September 2021.

Other than the above, there has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event which would have a material effect on the financial statements of the Group at 30 June 2021.

Shareholder Information

Additional Information for Listed Companies at 9 August 2021.

The following information is provided in accordance with the ASX Listing Rules.

1. Shareholding

(a) Distribution of shareholders

Category (size of holding)	No. of Shareholders	No. Ordinary Shares	%
1 – 1,000	167	38,055	0.01%
1,001 – 5,000	272	780,260	0.25%
5,001 – 10,000	133	1,060,038	0.34%
10,001 – 100,000	229	8,242,408	2.61%
100,001 – and over	103	305,237,661	96.79%
	904	**315,358,422**	**100.00%**

(b) The number of shareholdings held in less than marketable parcels (less than $500 in value) is 23,260.

(c) 20 largest shareholders – ordinary shares

Position	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	Elph Investments Pty Ltd	110,070,536	34.90%
2	Elph Pty Ltd	98,435,237	31.21%
3	UBS Nominees Pty Ltd	33,966,932	10.77%
4	RAC & JD Brice Superannuation P/L	19,056,468	6.04%
5	Marford Group Pty Ltd	4,058,797	1.29%
6	Mr Hugh William Maguire & Mrs Susan Anne Maguire	3,734,600	1.18%
7	Mr Neville Leslie Esler & Mrs Cheryl Anne Esler	1,904,935	0.61%
8	HSBC Custody Nominees (Australia) Limited	1,649,056	0.52%
9	Mr Dennis Graham Austin & Mrs Marilyn Alice Austin	1,545,000	0.49%
10	Strategic Value Pty Ltd	1,538,400	0.49%
11	Neko Super Pty Ltd	1,463,190	0.46%
12	Mr Hugh William Maguire	1,300,000	0.41%
13	Prussner Investments Pty Ltd	1,170,688	0.37%
14	Dr Jared Charles Lawrence	1,133,807	0.36%
15	BFA Super Pty Ltd	944,950	0.30%
16	Rayneman Enterprises Pty Ltd	934,702	0.30%
17	Delacorp Pty Ltd	934,702	0.30%
18	Mrs Margaret Jane Lindemann & Mr Luke Charles Lindemann	900,000	0.29%
19	Robroz Pty Ltd	700,000	0.22%
20	T B I C Pty Ltd	655,000	0.21%
		286,097,000	**90.71%**

Shareholder Information

(d) Shareholders holding in excess of 5% of issued capital were listed in the holding company's register as follows:

Shareholder	No. Ordinary Shares	%
Elph Investments Pty Ltd	110,070,536	34.90%
Elph Pty Ltd	98,435,237	31.21%
Thorney Investment Group Pty Ltd	33,966,932	10.77%
RAC & JD Brice Superannuation P/L	19,056,468	6.04%

(e) Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

2. The names of the Company Secretaries are:

Paul Burrows

Meredith Rhimes

3. The address of the principal registered office in Australia is:

Level 22, 535 Bourke Street, Melbourne, VIC 3000

4. Registers of securities are held at the following address:

Automic Group

Level 5, 126 Phillip Street
Sydney NSW 2000
GPO Box 5193
Sydney NSW 2001

5. Securities Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

6. Unquoted Securities

N/A.

7. Other Information

Engenco Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Corporate Directory

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Directors

Vincent De Santis
BCom, LLB (Hons)
Non-Executive Chairman

Kevin Pallas
BCom, MAICD
Managing Director & CEO

Dale Elphinstone OA
FAICD
Non-Executive Director

Alison von Bibra
BSc, MBA
Independent Non-Executive Director

Scott Cameron
BCom, CA ANZ, FAICD
Independent Non-Executive Director

Company Secretaries

Paul Burrows
BCom, CA, GAICD
Company Secretary

Meredith Rhimes
BA, LLB
Company Secretary

Auditors

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