Engenco

2022 Annual Report

Contents

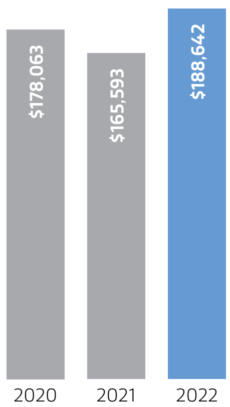
This Annual Report includes the Engenco Limited's Directors' Report, the Annual Financial Report and Independent Audit Report for the financial year ended 30 June 2022 lodged with the Australian Securities and Investments Commission and ASX Limited. The Annual Report is available on the Engenco website 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

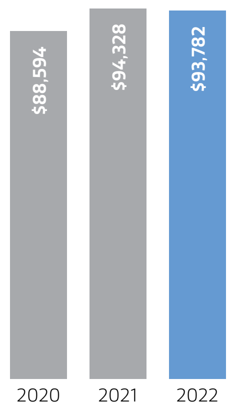
2022 Company Highlights

Inspired people creating sustainable transportation solutions.

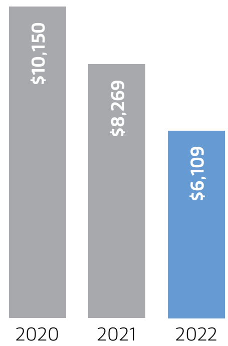
Revenue $'000



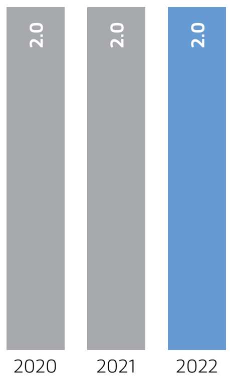
Net Assets $'000



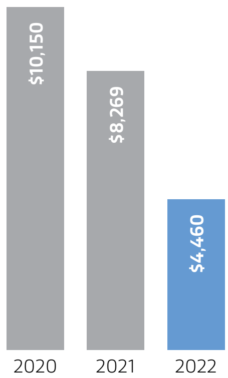
Net Profit Before Tax Excluding Significant Items $'000



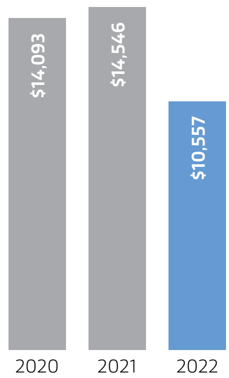
Total Dividends Per Share Cents

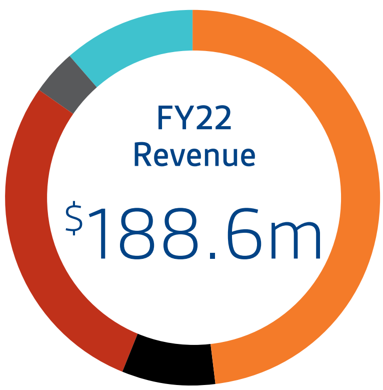


Net Profit Before Tax $'000



Operating Cash Flow $'000





- Drivetrain **$54.8m**
- Convair **$15.4m**
- Hedemora **$7.6m**
- Gemco Rail **$92.2m**
- Workforce Solutions **$21.4m**

Chairman's Report

Vince De Santis

Dear Fellow Shareholders,

We are pleased to present the Engenco Limited Annual Report for the 2022 financial year.

It was another year of mixed fortunes with a range of challenges, some familiar and others which were new. The effects of COVID-19 still hung over the business along with the double-edged sword of an economy operating almost at full employment which added to cost and other pressures arising from ongoing skilled labour shortages. The continuation of global supply chain issues and a dramatic rise in energy costs both of which were exacerbated by the outbreak of war in Europe, coupled with major flood events along the eastern seaboard of Australia, managed to stoke inflation to levels not experienced for many years.

Against this backdrop, the Engenco group of businesses experienced a combination of some pleasing achievements and disappointing outcomes.

A tale of two cities

Total Group revenue grew by $23 million year-on-year to $188.6 million (up 13.9% on FY21), and has over the preceding 5 years, increased by almost 46%. The impressive growth in FY22 was led by Gemco Rail (up $13.6 million or 17.4% to $92.2 million) and Drivetrain Power and Propulsion (up $12.1 million or 28.3% to $54.8 million). Workforce Solutions remained under pressure with the combined CERT and Momentum Rail business units' revenues declining (down $4.0 million or 18.5% to $17.8 million) when the impact of the newly acquired Eureka 4WD Training business is excluded. Convair also suffered a fall in revenue, albeit more modest (down $1.1 million or 6.5% to $15.4 million).

Pleasingly, total Group revenue generated during the second half of the year ($103.1 million), exceeded $100 million for the first time in many years.

The growth in top line revenue was however not matched at the net profit level with gross margin and rising cost pressures detracting from the overall result. Net profit before tax (excluding significant items[1]) fell to a disappointing and unsatisfactory $6.1 million (down 26.1%).

Net cash generated from operations remained solid ($10.6 million, down from $14.5 million in FY21) while capital expenditure (including the purchase of Eureka 4WD Training) moderated to $6.6 million (down from $9.6 million in FY21).

The Group maintained its net-debt free status and with a robust balance sheet, the Board was pleased to declare a final dividend of 1.5 cents per share to maintain total dividends declared in respect to FY22 at 2.0 cents per share. When this dividend is taken into consideration, we will have returned more than $28.3 million to our shareholders over the past 5 years. This final dividend will however only be partially franked (to 64%) as its payment will utilise the remainder of the Group's franking credits. Ongoing access to carry forward tax losses does mean that the requirement to pay Australian tax will be deferred for a while longer.

People & Culture

Like the Group's overall financial results, our people and culture performances were a mixture of promising progress coupled with some opportunities for improvement as we continue to invest in programs designed to lift the skills and overall capabilities of our people.

We made some inroads into our Total Recordable Injury Frequency Rate or TRIFR (down 12.7%) but it remains far too high. During the year, we continued our focus on injury prevention, safety culture and management commitment to workplace health and safety which included deep, externally lead reviews of our Gemco and Momentum Rail safety frameworks.

Our most recent employee engagement survey carried out in early FY22 produced a mixed scorecard and while a pulse check carried out later in the year revealed some good improvements

1 The significant item referred to is the impact of flood damage to the Under Floor Wheel Lathe at Gemco Rail's Gladstone, Queensland facility during FY22 and the requirement to book an impairment charge against this asset without a matching accrual for the expected indemnity insurance proceeds due to the claim settlement not yet being finalised when the FY22 Financial Statements were approved.

We keep our customers moving

We foster an environment where our people excel in sustainably delivering superior value to customers and stakeholders by supplying innovative products and transportation solutions.

within pockets of the Group, an ongoing and critical Group strategic goal is to lift our overall employee engagement.

The pathway ahead

The Engenco Group is focused on the transport task ranging from the supply of new equipment, components, and repairs, through to the provision of training and other labour related solutions. Most of our customers recognise that the transition towards lower carbon fuel sources and methods of transportation is well and truly underway. We are at various stages of development in establishing potentially valuable partnerships and alliances with some of our major customers and global suppliers where we can play a valuable role in the transition by leveraging our skills, experience, and relationships. This is being balanced against the need to maintain a focus on supporting our customers' present needs while keeping an eye towards the enormous opportunities that a low or net-zero carbon economy will offer.

From a macro perspective, the year ahead is unlikely to be any less challenging than the past few however we are determined to arrest the disappointing decline in the Group's financial performance and improve the returns generated on our shareholders' capital.

This will of course not be possible without a highly engaged team of employees to whom Engenco's fortunes are inextricably linked, working in a safe and supported environment. To this end, we wish to extend our sincere thanks and acknowledge the commitment and dedicated effort of our people over the past year as they have worked to support our customers while

Net Profit after tax
$5.7m

Earnings per share
1.80¢

navigating their way through the hurdles thrown up by the pandemic, floods, and continuing supply chain challenges amongst other things.

During FY23, our primary goals remain unchanged – *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

Engenco has evolved to become recognised as one of Australia's leading suppliers of innovative products and solutions for transportation.

We are a national transport services business with proven capability around Australia with well-established facilities, strong relationships with customers and we strive to source, develop and adapt products and services that help increase customers' competitiveness and efficiency.

Our aim is to earn long-term sustainable shareholder returns by delivering superior customer value.

Our strategy is built on delivering value today via our existing capabilities and investing to further extend our competitive advantages into the future while ensuring that we maintain a diverse business mix and are not burdened with underperforming businesses.

During the year, we refreshed and energised our vision for the Company, focusing our business on the supply of products and services for the transportation sector and empowering our people, to excel in the delivery of value for customers.

> "Engenco's vision: inspired people creating sustainable transportation solutions."

Fundamentally, our business helps keep our customers – and Australia's economy – moving, through extending the life of customers' equipment, supplying products and services and providing tailored workforce solutions that provide essential skills and labour.

Creating a workforce for the future

Our people are our greatest resource, powering our high-performance business culture. Our staff engagement is a focus and improving, with more than two-thirds of employees surveyed saying they take pride in the Company.

We are working hard to further increase engagement, extending our people and culture team capacity and capability to attract and retain talent, develop leaders, and create an environment that enables them to thrive. This includes investment in organisation development, skills training and succession planning. Safety is core to our business. We are fostering a culture where all employees, contractors and visitors take personal responsibility for the safety, health and wellbeing of themselves and others.

Increased accountability and leadership have enabled us to progress well despite the extensive challenges of dealing with pandemic-related constraints, work deferrals and severe adverse natural events. We maintained COVID Safe plans that met medical advice and government requirements, ensuring a safe environment for our customers, employees and visitors.

During the year, we further enhanced our MakeSafe program, to strengthen our safety culture. This included the launch of the MakeSafe7 LOOK, THINK, ACT initiative and the MakeSafe Observation App. Our ongoing commitment to improving safety leadership has been instrumental in our business achieving a 12.7% reduction in the Total Recordable Injury Frequency Rate (TRIFR) year-on-year, and our journey continues towards safety excellence.

Financial overview

Strong customer demand for our goods and services enabled 13.6% revenue growth in FY22 to $188.6 million, despite pandemic-related restrictions and other disruptions, and we succeeded in capturing robust demand across the Gemco Rail and Drivetrain businesses. Net operating cash flow decreased 27.4% to $10.6 million as growth working capital requirements rose.

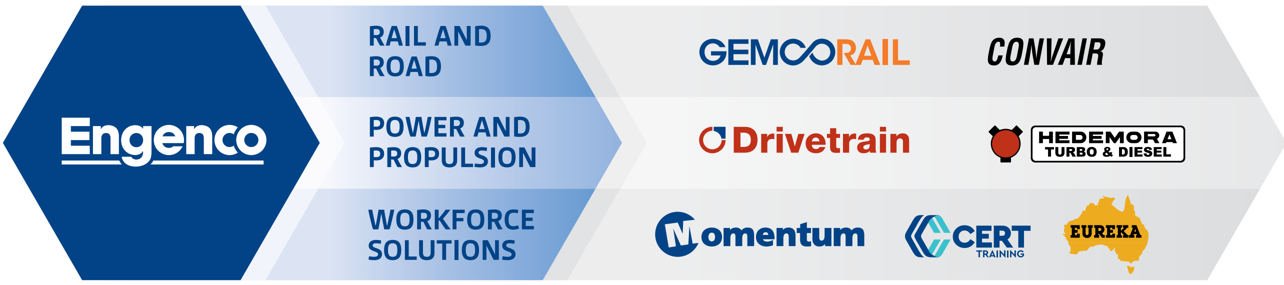
As announced in our most recent market update, business was impacted by increased costs, including skilled labour and supply chain constraints, and freight costs rose disproportionately by more than threefold in some cases. Rail services were disrupted by various flood events, whilst COVID absenteeism affected productivity with the onset of the Omicron variant, particularly in the last quarter of FY22.

While profit was below expectations, the result reflects the diversity of the Group's businesses which provide stability that helps to offset adverse conditions in certain markets.

The FY22 result was materially impacted by a $1.6 million statutory non-cash impairment associated with Gemco Rail's

Developing for ongoing growth

We are positioning Engenco for the future through employee engagement, customer satisfaction and shareholder returns.



Gladstone Under Floor Wheel Lathe, a $3 million investment, which was destroyed during the March 2022 floods also resulting in loss of production. An insurance claim for the impaired asset and related business interruption has been accepted by the insurer and is progressing satisfactorily and is likely to be settled in FY23.

The comparative FY21 result included the final benefit of the discontinued wagon leasing business and associated asset sale ($2.5 million).

Our strong balance sheet and with an undrawn $20 million facility provides flexibility for future investment.

Our ESG commitment

ESG performance is important to Engenco, and we recognise that it is also an important and growing area of interest for all our stakeholders.

We have begun a detailed materiality assessment which identifies and evaluates the most significant environmental, social and governance areas which impact our business, including the engagement of an external energy advisor to assist us to measure and evaluate our future energy sourcing options. We aim to develop a comprehensive strategy focused on achieving specific goals, including in the key areas of health and safety, inclusion and diversity, and emissions.

> "As we prepare for a net zero emissions future, we support our customers which include major organisations across Australia's defence, resources, marine, power generation, rail, heavy industrial, mining and infrastructure sectors in their ESG assessment and reporting."

Total revenue

$188.6m

Total dividends per share

2.0¢

Transportation is a large contributor to most organisations' overall fuel and electricity use and carbon emissions. We serve the rail industry, which is more fuel efficient than road for large volumes of freight and produces less greenhouse gasses. Road freight produces 16 times more carbon pollution than rail freight per tonne kilometre.

> "Our contribution is significant as one freight train can replace around 110 B-Double trucks carrying freight. Using rail eases road congestion, reduces wear and tear on roads and improves fuel security."

Some ways we have invested to effect change have included Gemco Rail's modernised wheel bearing refurbishment facility in Forrestfield, Western Australia which allows economic refurbishment of heavy haul rolling stock bearings and the reuse of high-volume products. This has extended the life of rollingstock wagons and components which were previously discarded and reduces waste.

We have been an early participant in the electrification of heavy equipment, helping the underground mining industry to become more carbon efficient. We believe the transition to a low-carbon economy offers opportunities for Engenco. Our Drivetrain business has invested in the launch of a fast-charging battery electric Kovatera utility vehicle which includes a fully electric operating version with substantially reduced total emissions. This has been adapted by Engenco specifically for Australian underground mining conditions. The sourcing and supply of innovative gas fuelled power generation equipment is assisting the development of an Australian manufactured carbon neutral urea facility in South Australia.

Product innovation through Workforce Solutions' Street-to-Seat program has improved social outcomes, reduced customers' labour supply issues and created long-term industry employment opportunities for diverse candidates including females and Indigenous Australians. Candidates that would be otherwise excluded from the industry workforce receive educational qualifications and are then placed into positions.

We are committed to recognising human rights in our organisations . This includes acting against modern slavery in our operations and strictly adhering to the *Modern Slavery Act 2018*. We drive accountability through our modern slavery action plan, ensuring sustainable partnerships with our stakeholders.

Rail and Road

The Gemco Rail business, which is Australia's largest independent rail-connected full-service rollingstock provider, has a national network capability providing services to Australia's largest mining and freight companies. We are continuing to invest in the business to strengthen its full-service product offering, build service network capabilities, increase market share and boost innovation.

Trading results in the year were mixed, as revenue grew while profit decreased slightly when compared to last year which included the final sale of the rental wagon fleet which was not repeated this year. In Western Australia, we benefited from strong demand for critical rolling stock component supply from miners and a major upgrade program for a grain haulage customer's wagon fleet which extended the life of their aging assets.

Demand for wheelset maintenance from east coast bulk transporters was also strong. Despite adverse weather events affecting operation in the second half, our continuity plans minimised disruption in servicing customer contracts, but costs were higher.

We continued to work with customers and partners to create opportunities for Australian manufacture of rollingstock components, and activity was steady at our Melbourne and Hunter Valley rail-connected workshops.

Shipping delays and skilled labour shortages impacted Convair revenue and earnings, although lean manufacturing improved engineering productivity outcomes. A highlight was the manufacture of a range of innovative design steel road tankers to exacting customer requirements. Despite delivery of imported aluminium Feldbinder tankers being impacted by European supply chain disruption and geopolitical events, we leveraged our supply chain successfully to serve customers in a short-supplied market.

Power and Propulsion

Drivetrain's strong partner agreements with global Tier-1 international manufacturers enable an extensive offering of innovative, leading technologies, providing customers with superior products and services. We are focused on expanding the range that we supply to the off-road transportation and associated industries through our national service network with a focus on serving the emerging low carbon economy.

Customer demand was strong in FY22 and we increased revenue and profit. A large maintenance services, repair and overhaul program commenced at our Adelaide workshop, confirming the potential of this market. Kalgoorlie branch operations expanded with solid demand from the mining industry and having secured our first fleet size order of Kovatera underground utility vehicles, we established service capability in Northern Queensland to support these assets. We continue to have a strong pipeline of prospects.

The renewable power generation market is one sector of the low carbon economy that we are targeting. We have opened a new market with sales of innovative gas fuelled power generation equipment to a customer in South Australia, also providing support maintenance services, and believe this market has significant potential to grow.

As labour shortages continue, we are developing our team of skilled tradespeople through increasing investment in apprenticeships and training programs.

Our Hedemora business continued its transition from support for Hedemora Diesel Engines to the development, supply and service of HS Turbochargers, where we plan to expand our global customer base. However, the business continues to experience supply chain issues and slowed sales momentum due to Russia's invasion of Ukraine. Importantly, following extensive testing with a US Class 1 railroad operator during the second half of the year, we have now secured a US Environmental Protection Agency certification of conformity. This allows our products to be used on the major Class 1 Railroad and in other sectors within North America, opening large market opportunities as operators look for fuel savings and emission reductions throughout their extensive GE powered locomotive fleets. We renewed European customer certifications and continued delivery of turbochargers for the Mongolian Railway's Kolomna locomotive retrofit projects.

Maintenance activity and ongoing support for the Collins Class submarine program was steady through the year.

Workforce Solutions

The Workforce Solutions business provides talent chain solutions that build capability, create employment and facilitate careers in transportation. Our specialisation in the transportation sector provides a competitive advantage.

Difficult trading conditions persisted in the year, as we supported our customers through the final stages of social distancing restrictions, experienced widespread flood disruption and navigated through skilled labour shortages including trainers. Revenue, which included the Eureka 4WD business for the first time, was lower and profit decreased. Eureka 4WD costs also rose with rising vehicle operating expenses and increased personnel costs in a tight labour market.

> "We continued to build our business, improving infrastructure to manage risks associated with safety in the labour hire transportation industry and investing in people and capability platforms to integrate and leverage our Workforce Solutions brands."

The introduction of integrated service offerings are beginning to bear fruit as customers realise the benefit of a one-stop-shop for employee recruitment, training and deployment.

CERT Training, which provides training, assessment and recertification services for the rail industry, experienced a difficult year, although as COVID restrictions lifted, demand for training increased and trainer staff numbers began re-building. Momentum was disrupted by severe adverse weather events in South Australia, New South Wales and Queensland which resulted in several weeks of cancelled rail services, and consequently locomotive operations personnel demand was materially lower.

We completed the successful integration of Eureka 4WD into our Group systems and processes, and the business has been re-calibrated to meet corporate standards. Our Western Australian Workforce Solutions business (CERT Training, Momentum and Eureka 4WD) are now located together at a well-positioned and resourced facility in Perth, reducing overheads and increasing opportunities to expand integrated services, including national rollout of Eureka 4WD services.

Technology

As our organisation increases scale, we have invested in technology platforms and people development to increase efficiency and use data more effectively.

Advances that we have made this year include:

- Integrating workshop machinery with central IT systems providing improved accuracy, reliability, and faster processing and deliveries to customers;
- Full deployment of an integrated CRM system to support business development teams;
- Supporting the Group's focus on safety and efficiency, enabling staff with mobile applications and anywhere access to core systems through cloud technology services;
- Implementation of SAP Analytics Cloud which increases transparency and visualisation of financial and operations reporting; and
- Investment in cybersecurity best practice methodologies to reduce risk and disruption represented by cyber-crime activities.

Outlook

Our investment in capacity and capability has created a stronger, more resilient business, well positioned to exploit growth opportunities. Our strategy is to leverage our capacity and capability platforms to drive long-term returns through providing innovative products and services for the transportation sector. This is a vital sector of the economy and we are continuing to invest to increase scale, build employee engagement and drive customer satisfaction.

> "Increasingly, we seek to align with partners to accelerate development of innovative solutions for our customers, such as fast-charging battery electric Kovatera vehicles and Workforce Solutions' Street-to-Seat program."

We have identified opportunities for continued expansion broadly within the transportation industry, both through organic expansion and seeking significantly scaled acquisition opportunities.

The Gemco Rail business has recently renewed its long-term wagon maintenance contract with SCT Logistics, has significant opportunities to expand capability in Victoria and the Pilbara region of Western Australia, and opportunities to convert our business development pipeline into new business. We expect also to benefit from geopolitical challenges which are driving local development using local suppliers, including for capital items such as rail wagons.

Drivetrain has grown workshop business and parts sales. We continue to focus on the opportunities of the low carbon economy such as battery-electric Kovatera vehicle market expansion and building gas fuelled power generator sales, seeding the aftermarket spares and service annuity revenue.

Convair has now been included in the Power and Propulsion segment, and with a management reporting line now through Drivetrain, closer integration, leverage of Group facilities and customer reach is being driven. Convair's introduction of a broader product range including planned sales of specialised liquid tankers in FY23, reflects our strategy of expanding business scope and scale by leveraging our strong brands.

Stabilisation of the Workforce Solutions business continues as ongoing skills and labour shortages drive customer demand, and our trainer numbers grow. Australian rollout of Eureka 4WD training courses is planned to commence in eastern states over the next six months, along with new passenger bus driver training services in Perth, further expanding the services that we offer.

For the Group, difficult trading conditions are expected to continue in the first half of FY23, with improvement in the second half as new projects come onstream and we benefit from our investment in people and capability platforms. We are also taking immediate steps to recover increased costs through sales price adjustments and cost containment. We anticipate that FY23 will improve modestly on FY22 with a stronger second half run-rate in FY23 compared to the second half of FY22.

We will continue to invest to increase our capacity to significantly scale our operations to enable our future growth strategy. We believe that investing through the economic cycle will deliver stronger medium- to longer-term outcomes as we focus on converting top-line growth into improved margins for shareholders.

I would like to take this opportunity to thank our employees for their dedication and passion to achieve positive outcomes for our customers despite substantial challenges. I also thank my fellow directors, and thank you, our shareholders, for your continued support.

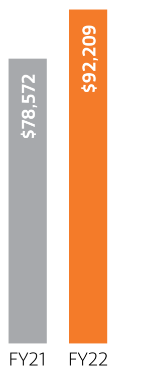
Kevin Pallas
Managing Director and CEO

Business Unit Overview

Rail and Road

GEMCORAIL

Revenue $'000



NPBT $'000

Gemco Rail is the 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 and strong international product partner relationships, provides our clients with the confidence that Gemco is a reliable, competent supplier of high-quality products and services.

Achievements

- Strong growth in West Australian railway bearings supporting the Northwest iron ore miners with new bearing sales and refurbishment bearing volumes.
- Successful on time and on budget delivery of a major wagon upgrade programme fitting a pneumatic controlled door system to a key grain haulage customer's wagon fleet.
- Adoption of succession plans for key senior leadership roles with future talent.
- Development of new aligned capabilities and skillsets broadening our product and service offerings in new regions.

Outlook

- Capability expansion in key rail geographies of Melbourne and the Pilbara region of Western Australia.
- Expanding strategic alliances to capture new growth opportunities in the decarbonisation of the freight rail industry.
- Renewal of key long-term maintenance contracts.

Growth opportunities for rail wagon components

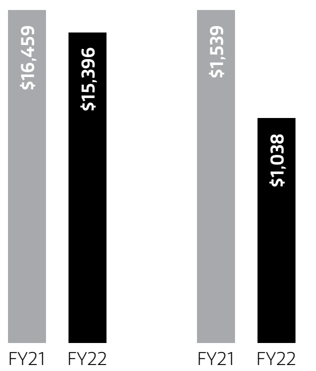
Established large market growth opportunities for rail wagon component supply and local assembly.

Rail and Road

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

The business also 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 transportation. 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.

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



Achievements

- Manufactured 27 innovatively designed Convair steel road tankers to exacting customer requirements.
- Maintained supply chain to deliver several Feldbinder tankers into a short-supplied market.
- Successfully managed skilled labour shortages and supply chain challenges to support our customers.

Outlook

- Over 18 months of confirmed orders demonstrating strong demand for locally produced and maintained customer solutions into FY2024.
- Initial supply of highly innovative road tankers for transportation of liquids expected in the second half of FY2023.
- Commence leveraging Drivetrain's national branch network.

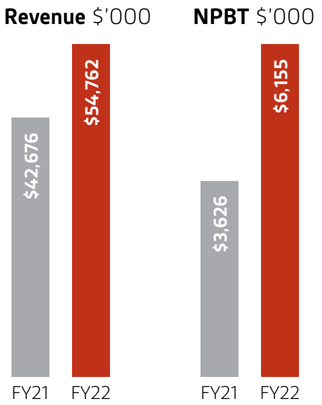
Integrates into Power and Propulsion

Integration of Convair into the Power and Propulsion division of the Group to drive efficiencies, create expansion opportunities and to leverage the Group's scale.

Business Unit Overview

Power and Propulsion

Drivetrain



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

Achievements

- Strong growth in workshop network services delivery: maintenance, repair and overhaul, continuing to support our key customers.
- Sale, procurement, and delivery of syngas fuelled power generator packages to a new major customer.
- Execution of growth initiatives; Kalgoorlie branch has been successfully operating for a full year with further expansion into Mount Isa.
- Implementation of MakeSafe program was successful in reducing and preventing injuries.

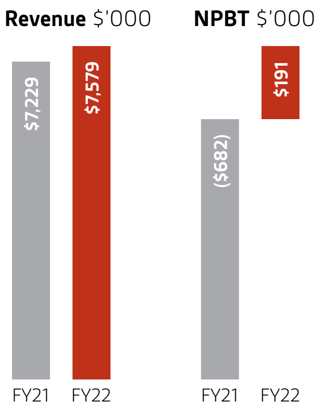
Outlook

- Growing core business of parts sales and workshop network activities to increase utilisation of Drivetrain's capabilities.
- Penetrating innovative gas engine and power generation installation market, in response to growing customer demand.
- Kovatera light mining vehicle market expansion, developing battery electric version.

Syngas power generation engines

Supply of four innovative syngas power generation engines to new key South Australian customer, as the pilot plant to establish their carbon neutral Australian manufactured Urea production facility at Leigh Creek, South Australia.

Power and Propulsion



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

Hedemora Turbo and Diesel is a well-known brand used in a wide range of applications. Operating out of Sweden, Hedemora Turbo and Diesel provide product development and manufacture, installation, maintenance and spare parts services for customers in all parts of the world.

Achievements

- Achieved United States Environmental Protection Agency (EPA) certification for the HS7800 turbocharger platform after extensive testing with a Class 1 railroad operator. This is an important step and positions the product well to penetrate the North American market.
- Renewal of significant European customer certification.
- On going delivery of turbochargers for the Mongolian railways.
- Continued support for global customers utilising Hedemora Diesel Engines.

Outlook

- Business development to drive new opportunities in North America, with EPA certification achieved.
- Continue to develop opportunities with engine and locomotive OEMs for the installation of HS Turbochargers on newly built equipment.
- Ongoing support for the Collins Class program and a significant maintenance order for the Swedish submarine program.

Generating opportunities in the US

HS Turbocharger EPA certification generating opportunities in the North American market.

Business Unit Overview

Workforce Solutions

The Workforce Solutions division includes the brands of Momentum Rail and Registered Training Organisations, CERT Training and Eureka 4WD, to provide tailored workforce solutions to the Australian Rail and Transportation industries.

Our purpose is to provide integrated workforce solutions that meet the needs of our customers, address industry skills and labour shortages and facilitate sustainable employment pathways and career development opportunities. We accomplish this by leveraging our assets and resources, with that of our customers to deliver contextualised training inclusive of site, network or customer specific on-job training, resulting in competent, safety focused individuals, ready to work.

Street-to-Seat

Providing training and employment opportunities for new entrants to join the Rail and Transportation industries.

Achievements

- Talent Supply Chain programs continue to gain momentum with over 80 new entrant candidates now graduated and placed successfully into employment with several network operators as Terminal Operators and Train Driver Assistants.
- Our diversity rate (indigenous and female) for these programs continues to increase and is currently sitting at 40% with growing interest particularly amongst female candidates seeking a pathway into the Rail industry.
- Successful adoption of MakeSafe culture, driving accountability and excellence across the businesses.
- Navigated disruption from labour shortages, COVID restrictions, and floods to keep our customers moving.

Outlook

- Assumed stabilisation of operating conditions, volumes and results.
- Increasing level of major projects.
- Ongoing skills and labour shortages driving customer demand.

Directors' Report

for the year ended 30 June 2022

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 2022 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, INDEPENDENT NON-EXECUTIVE DIRECTOR SINCE 1 JANUARY 2022, MEMBER OF AUDIT AND RISK COMMITTEE SINCE 31 JULY 2013.

Vince is an executive director of T8 Advisory Partners and a non-executive director of the Tasmanian Development Board and Tasmanian Gas Pipeline Pty Ltd. Until recently he also served as a member of the Tasmanian Rhodes Scholarship Selection Committee. Vince was Managing Director of the Elphinstone Group for 10 years until December 2018 after having commenced in 2000 as the Group's Legal Counsel and Finance & Investment Manager. During his time with the Group, he also held a number of board roles on various subsidiary and joint venture companies. Prior to that time, Vince was a Senior Associate in the Energy, Resources & Projects team at national law firm Corrs Chambers Westgarth, based in Melbourne.

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.

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.

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, Chiropractic Board of Australia, the Ballarat General Cemeteries Trust, CSL Superannuation Fund and Westernport Regional Water Corporation. She is currently a Member of the Swan Hill District Health Board and Director of Australian Trailer Solutions Group and Queensland Trailer Sales.

Scott Cameron

BCom, FCA, 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.

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	4/4
Kevin Pallas	12/12	4/4
Dale Elphinstone	12/12	–
Alison von Bibra	12/12	4/4
Scott Cameron	12/12	4/4

Directors' Shareholdings

The directors' shareholding of ordinary shares as at 30 June 2022 are:

	Ordinary Shares
Vincent De Santis	378,951
Kevin Pallas	87,632
Dale Elphinstone	216,554,707
Alison von Bibra	34,793
Scott Cameron	163,500

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 16 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.

Principal Activities

The Group provides a diverse range of engineering services and products through three business streams: Rail and Road, Power and 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 solutions; 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, mining 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 $5,667,000 for the year ended 30 June 2022. This included significant items, consisting of impairment of property, plant and equipment, amounting to a net loss of $1,649,000. The consolidated result for the year is summarised as follows:

	2022 $'000	2021 $'000
Revenue	**188,642**	165,593
EBIT[1]	**5,685**	9,713
EBIT excluding significant items[2]	**7,334**	9,713
Net profit before tax	**4,460**	8,269
Net profit before tax excluding significant items[2]	**6,109**	8,269
Profit after tax	**5,667**	11,961
Net operating cash flow	**10,557**	14,546
Net assets	**93,782**	94,328
Net cash / (debt)	**4,746**	12,091

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

2 Significant items include FY2022 impairment property, plant and equipment.

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.

In March 2022, Gemco Rail's Gladstone workshop was subject to a severe flood event that impacted the Northeast Coast of Australia. This event caused business disruption and destroyed the recently commissioned Under Floor Wheel Lathe, which has been subject to a $1,649,000 impairment in the FY2022 statutory financial results. The Group maintains insurance for flood events at all facilities, and at the time of the accounts being published, the insurance claim for the impaired asset and associated business interruption has been lodged with our insurance company which is being processed but has not been significantly progressed to allow for the claim to be recognised in the FY2022 financial statements. The Board believes that the settled claim will substantially exceed the impaired amount.

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 Board 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 2021 and subsequently paid the dividend on 28 September 2021.

On 17 February 2022, the Board resolved to declare an interim dividend of 0.5 cents per share (fully franked) and subsequently paid this dividend on 18 March 2022.

On 18 August 2022, the Board resolved to declare a final dividend of 1.5 cents per share (64% franked). Payment of the dividend to shareholders will take place on 27 September 2022.

Events Subsequent to Reporting Date

On 18 August 2022, the Board resolved to declare a final dividend of 1.5 cents per share (64% franked). Payment of the dividend to shareholders will take place on 27 September 2022.

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 2022.

Environmental Regulation

Group operations are subject to significant environmental regulation under Commonwealth, State and international laws, 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 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 officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as directors and officers, 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 during the year 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:

	2022 $
SERVICES OTHER THAN AUDIT AND REVIEW OF FINANCIAL STATEMENTS:	
Other Services	
Advisory services	157,966
	157,966
AUDIT AND REVIEW OF FINANCIAL STATEMENTS	**385,218**
TOTAL PAID TO KPMG	**543,184**

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 25 and forms part of the Directors' Report for the financial year ended 30 June 2022.

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 10.0% 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.

	2018 $	2019 $	2020 $	2021 $	2022 $
Revenue	157,336,000	174,850,000	178,063,000	165,593,000	**188,642,000**
NPAT attributable to members	18,003,000	14,227,000	13,423,000	11,961,000	**5,667,000**
EBIT	13,490,000	13,012,000	11,596,000	9,713,000	**5,685,000**
Operating income growth[1]	48%	(4%)	(11%)	(16%)	**(41%)**
Share price at year-end	$0.49	$0.42	$0.45	$0.53	**$0.44**
% Change in share price	133%	(14%)	7%	18%	**(17%)**
Capital employed[2]	68,825,000	77,779,000	99,338,000	100,225,000	**97,797,000**
Return on capital employed[3]	20%	17%	12%	10%	**6%**
Dividends paid	1,567,000	3,134,000	6,268,000	6,268,000	**6,308,000**

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

2 Capital employed is total assets less current liabilities (excluding deferred tax balances).

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 2022

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 Benefits $	Total $	% Remun-eration Performance Related
DIRECTORS										
NON-EXECUTIVE DIRECTORS										
V De Santis	**2022**	**166,000**	**–**	**–**	**166,000**	**16,600**	**–**	**–**	**182,600**	**–**
Chairman	2021	166,000	–	–	166,000	15,770	–	–	181,770	–
D Elphinstone[1]	**2022**	**80,000**	**–**	**–**	**80,000**	**8,000**	**–**	**–**	**88,000**	**–**
	2021	80,000	–	–	80,000	7,600	–	–	87,600	–
A von Bibra	**2022**	**86,000**	**–**	**–**	**86,000**	**8,600**	**–**	**–**	**94,600**	**–**
	2021	86,000	–	–	86,000	8,170	–	–	94,170	–
S Cameron[2]	**2022**	**92,000**	**–**	**–**	**92,000**	**9,200**	**–**	**–**	**101,200**	**–**
	2021	72,662	–	–	72,662	6,906	–	–	79,568	–
R Dunning[3]	**2022**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2021	36,582	–	–	36,582	3,462	–	–	40,044	–
SUB – TOTAL	**2022**	**424,000**	**–**	**–**	**424,000**	**42,400**	**–**	**–**	**466,400**	
NON-EXECUTIVE DIRECTORS' REMUNERATION	2021	441,244	–	–	441,244	41,908	–	–	483,152	–

		Short-Term				Post Employment	Long-Term			
		Salary and Fees $	Non-Monetary $	Performance Benefit $	Sub-total $	Super-annuation Benefit $	Long Service Leave $	Termination Benefits $	Total $	% Remun-eration Performance Related
EXECUTIVE DIRECTORS										
K Pallas	**2022**	**485,000**	**–**	**–**	**485,000**	**27,500**	**11,472**	**–**	**523,972**	**–**
Managing Director & CEO	2021	478,046	–	–	478,046	25,735	21,388	–	525,169	–
SUB – TOTAL EXECUTIVE DIRECTORS' REMUNERATION	**2022**	**485,000**	**–**	**–**	**485,000**	**27,500**	**11,472**	**–**	**523,972**	**–**
	2021	478,046	–	–	478,046	25,735	21,388	–	525,169	–
TOTAL DIRECTORS' REMUNERATION	**2022**	**909,000**	**–**	**–**	**909,000**	**69,900**	**11,472**	**–**	**990,372**	**–**
	2021	919,290	–	–	919,290	67,643	21,388	–	1,008,321	–
EXECUTIVES										
P Burrows	**2022**	**264,175**	**11,590**	**–**	**275,765**	**27,483**	**–**	**–**	**303,248**	
Chief Financial Officer & Company Secretary	2021	251,737	13,388	–	265,125	30,019	–	–	295,144	–
TOTAL EXECUTIVE OFFICERS' REMUNERATION	**2022**	**264,175**	**11,590**	**–**	**275,765**	**27,483**	**–**	**–**	**303,248**	
	2021	251,737	13,388	–	265,125	30,019	–	–	295,144	–
TOTAL DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION	**2022**	**1,173,175**	**11,590**	**–**	**1,184,765**	**97,383**	**11,472**	**–**	**1,293,620**	**–**
	2021	1,171,027	13,388	–	1,184,415	97,662	21,388	–	1,303,465	–

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 2022 is $NIL (2021: $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 Benefits
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
P Burrows	Permanent employment contract	3 months' pay

Options and Rights Over Equity Instruments Granted

In the 2021 and 2022 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:

2022	Balance 1 July 2021	Received as Compensation	Other Changes*	Balance 30 June 2022
V De Santis	378,951	–	–	**378,951**
K Pallas	87,632	–	–	**87,632**
D Elphinstone	208,505,773	–	8,048,934	**216,554,707**
A von Bibra	34,793	–	–	**34,793**
S Cameron	163,500	–	–	**163,500**
P Burrows	11,965	–	2,291	**14,256**

*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.

Vincent De Santis
Chairman

Dated 18 August 2022

Directors' Declaration

for the year ended 30 June 2022

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 30 to 70 and the Remuneration Report on pages 20 to 23 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 2022 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 2022.

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 18 August 2022

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 2022 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

L E Bell

Suzanne Bell

Partner

Melbourne

18 August 2022

1

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 2022 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 2022;
- 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; and
- 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 these requirements.

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 ($44,471k) and Construction Contracts ($84,210k)	
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 focused on the 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 overtime 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 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 complete 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.

KPMG

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/ar[x]_2020.pdf (Listed entities – Fair presentation framework only) 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 2022, 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 20 to 23 of the Directors' report for the year ended 30 June 2022.

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

KPMG

KPMG

S E Bell

Suzanne Bell

Partner

Melbourne

18 August 2022

Consolidated Financial Statements Table of Contents

for the year ended 30 June 2022

Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2022

	Note	Consolidated Group 2022 $'000	2021* $'000
Revenue	4	**188,642**	165,593
Other income	4	**3,356**	4,796
Changes in inventories of finished goods and work in progress		**1,303**	3,991
Raw materials and consumables used		**(93,952)**	(82,226)
Employee benefits expense	5	**(63,810)**	(60,122)
Depreciation and amortisation expense		**(7,928)**	(7,096)
Impairment of property, plant and equipment	13	**(1,649)**	–
Impairment of inventory		**(706)**	(1,113)
Finance costs	5	**(1,225)**	(1,444)
Subcontract freight		**(3,046)**	(830)
Repairs and maintenance		**(1,918)**	(1,550)
Insurances		**(1,428)**	(1,140)
Rent and outgoings		**(3,001)**	(2,843)
Foreign exchange movements		**(25)**	(85)
Computer expenses		**(2,142)**	(1,532)
Other expenses		**(8,011)**	(6,130)
PROFIT BEFORE INCOME TAX		**4,460**	8,269
Income tax benefit / (expense)	6	**1,207**	3,692
TOTAL PROFIT FOR THE PERIOD		**5,667**	11,961
Profit attributable to:			
Owners of the Company		**5,667**	11,961
Non-controlling interest		**–**	–
		5,667	11,961
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of overseas subsidiaries		**(965)**	(14)
Other comprehensive income for the period, net of tax		**(965)**	(14)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**4,702**	11,947
Total comprehensive income attributable to:			
Owners of the Company		**4,702**	11,947
Non-controlling interest		**–**	–
		4,702	11,947
EARNINGS PER SHARE		**Cents**	**Cents**
Basic & Diluted earnings per share (cents per share)	7	**1.80**	3.82

*2021 comparatives have been restated for the current year classification of expense categories.

The notes on pages 35 to 70 are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

as at 30 June 2022

	Note	Consolidated Group 2022 $'000	Consolidated Group 2021 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	**4,746**	12,091
Trade and other receivables	9	**30,436**	23,736
Contract assets	4	**5,984**	4,160
Inventories	10	**47,137**	45,834
Current tax asset	6	**69**	91
Other current assets	12	**1,811**	1,648
TOTAL CURRENT ASSETS		**90,183**	87,560
NON-CURRENT ASSETS			
Property, plant and equipment	13	**23,787**	23,557
Right-of-use assets	11	**17,826**	19,293
Deferred tax assets	6	**16,711**	15,612
Intangible assets	15	**3,533**	340
TOTAL NON-CURRENT ASSETS		**61,857**	58,802
TOTAL ASSETS		**152,040**	146,362
CURRENT LIABILITIES			
Trade and other payables	16	**23,991**	16,292
Contract liabilities	4	**1,086**	2,380
Current tax liabilities	6	**–**	5
Lease liabilities	11	**3,841**	3,901
Provisions	18	**8,614**	7,947
TOTAL CURRENT LIABILITIES		**37,532**	30,525
NON-CURRENT LIABILITIES			
Lease liabilities	11	**15,723**	17,109
Provisions	18	**4,417**	4,206
Deferred tax liabilities	6	**586**	194
TOTAL NON-CURRENT LIABILITIES		**20,726**	21,509
TOTAL LIABILITIES		**58,258**	52,034
NET ASSETS		**93,782**	94,328
EQUITY			
Issued capital	20	**303,834**	302,774
Reserves		**(462)**	503
Profit reserve		**15,217**	15,858
Accumulated losses		**(218,978)**	(218,978)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**99,611**	100,157
Non-controlling interest		**(5,829)**	(5,829)
TOTAL EQUITY		**93,782**	94,328

The notes on pages 35 to 70 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2022

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	–	–	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**

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 2021	**302,774**	**(218,978)**	**15,858**	**503**	**100,157**	**(5,829)**	**94,328**
COMPREHENSIVE INCOME							
Profit	–	–	5,667	–	5,667	–	5,667
Other comprehensive income, net of tax	–	–	–	(965)	(965)	–	(965)
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**5,667**	**(965)**	**4,702**	**–**	**4,702**
TRANSACTIONS WITH OWNERS OF THE COMPANY							
Contributions and Distributions:							
Employee share purchase plan	60	–	–	–	60	–	60
Issue of ordinary shares related to business combinations	1,000	–	–	–	1,000	–	1,000
Dividends paid	–	–	(6,308)	–	(6,308)	–	(6,308)
TOTAL CONTRIBUTIONS AND DISTRIBUTIONS	**1,060**	**–**	**(6,308)**	**–**	**(5,248)**	**–**	**(5,248)**
BALANCE AT 30 JUNE 2022	**303,834**	**(218,978)**	**15,217**	**(462)**	**99,611**	**(5,829)**	**93,782**

The notes on pages 35 to 70 are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2022

	Note	Consolidated Group 2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**201,984**	191,113
Payments to suppliers and employees		**(191,189)**	(176,180)
Interest received		**–**	12
Finance costs		**(225)**	(353)
Income tax paid		**(13)**	(46)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	22 (b)	**10,557**	14,546
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current assets		**86**	3,920
Purchase of non-current assets		**(3,730)**	(9,571)
Acquisition of subsidiary, net of cash acquired	26	**(2,884)**	–
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**(6,528)**	(5,651)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(6,308)**	(6,268)
Proceeds of borrowings		**4,000**	–
Repayment of borrowings		**(4,000)**	–
Payment of lease liabilities		**(5,066)**	(4,670)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**(11,374)**	(10,938)
Net increase / (decrease) in cash and cash equivalents		**(7,345)**	(2,043)
Cash (net of bank overdrafts) at beginning of financial year		**12,091**	14,134
CASH (NET OF BANK OVERDRAFTS) AT END OF FINANCIAL YEAR	22 (a)	**4,746**	12,091

The notes on pages 35 to 70 are an integral part of the consolidated financial statements.

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 18 August 2022.

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 2022 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
- Note 15 – Intangible Assets

Changing Market Conditions and Uncertainties

COVID-19

The ongoing COVID-19 global pandemic has increased estimation uncertainty. However, this has stabilised in FY2022 as there has been a general move to living with the virus on the back of high vaccination rates in Australia. During FY2022, the Group experienced increased absenteeism, skilled labour shortages, supply chain constraints and cost increases, which impacted operations and these financial statements.

Inflation

The increase in global inflation has seen price increases for goods generally and labour which has been further compounded by skilled labour shortages across most industries in Australia. Additionally, the rise in inflation has resulted in central banks increasing interest rates, resulting in an increase in incremental borrowing rates and discount rates used for various purposes, including lease calculations and impairment calculations.

Geopolitical

Geopolitical developments in FY2022, including the war in Ukraine, have resulted in various cost increases such as global energy prices, which have, in turn, contributed to the rise in supply side global inflation. These geopolitical developments have directly impacted sales of Hedemora Turbochargers into Eastern Europe and disrupted European supply chains, affecting inventory levels at the end of FY2022.

In respect of these financial statements, the impact of the COVID-19 pandemic, inflation and geopolitical tensions are primary relevant to estimates of future performance, which in turn applicate to the areas of recoverability of receivables (Note 9) and income tax losses (Note 6), impairment of non-financial assets (right-of-use assets) (Note 11), property, plant and equipment (Note 13) and intangible assets (Note 15).

In making estimates of future performance, the Group has applied the following assumptions and judgements about estimating uncertainties. 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 functions separated across all the major States.
- Engenco operates within the Transportation industry, a broad and diverse industry with significant growth drivers, including population growth and mining exports.
- It is expected that Australia will continue to operate in a "living with COVID-19" manner, with businesses open to operate but experiencing ongoing elevated levels of absenteeism, especially in the winter months.
- Central banks will successfully manage inflation to historical normalised levels over the cycle.

Note 1 – Significant Accounting Policies (continued)

- Skilled migration will return to historical levels, improving staff availability to meet customer demand.
- Geopolitical tensions across the globe will remain at heightened levels for the near term.

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. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(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 a 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 traded 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:

- *Interest Rate Benchmark – Reform (Amendments to* AASB 9, AASB 7, AASB 4, AASB 16 *and* AASB 139)
- *COVID-19 Related Rent Concessions (Amendments to* AASB 16)

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

Note 1 – Significant Accounting Policies (continued)

(j) New Accounting Standards and Interpretations (continued)

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Other accounting standards

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 (Amendment to* AASB 101*)*
- *Definition of Accounting Estimates (Amendments to* IAS 8*)*
- *Disclosure Initiative: Accounting Policies (Amendments to* IAS 1*)*
- *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 2022	Percentage Owned 2021
• **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] (formerly Greentrains Limited)	Australia	17 Jul 09	**81**	81
– – – Greentrains Leasing Pty Ltd	Australia	18 Jun 08	**100**	100
– – Eureka 4WD Training Pty Ltd	Australia	1 Jul 21	**100**	–
– – – MRH Training Apps Pty Ltd	Australia	1 Jul 21	**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 (formerly Drivetrain 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 four (4) 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 and 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) Workforce Solutions

Workforce Solutions is Engenco's people focused business, providing training and labour hire under the brands of Centre for Excellence in Rail Training (CERT Training), Total Momentum and Eureka 4WD Training.

(e) 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 2022

Reportable Segments	Gemco Rail $'000	Convair $'000	Drivetrain $'000	Workforce Solutions $'000	All Other $'000	Group $'000
REVENUE						
External revenue	**92,209**	**15,396**	**54,762**	**21,212**	**5,063**	**188,642**
Inter-segment revenue	**–**	**–**	**–**	**142**	**2,517**	**2,659**
Interest revenue	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL SEGMENT REVENUE	**92,209**	**15,396**	**54,762**	**21,354**	**7,580**	**191,301**
Reconciliation of segment revenue to Group revenue:						
Inter-segment eliminations	**–**	**–**	**–**	**–**	**(2,659)**	**(2,659)**
TOTAL GROUP REVENUE	**92,209**	**15,396**	**54,762**	**21,354**	**4,921**	**188,642**
SEGMENT EBITDA	**12,816**	**1,538**	**7,436**	**2,831**	**(11,008)**	**13,613**
Reconciliation of segment EBITDA to Group net profit / (loss) before tax:						
Depreciation and amortisation	**(4,746)**	**(425)**	**(1,165)**	**(836)**	**(756)**	**(7,928)**
Finance costs	**(671)**	**(75)**	**(116)**	**(90)**	**(273)**	**(1,225)**
NET PROFIT / (LOSS) BEFORE TAX	**7,399**	**1,038**	**6,155**	**1,905**	**(12,037)**	**4,460**

Year ended 30 June 2021*

Reportable Segments	Gemco Rail $'000	Convair $'000	Drivetrain $'000	Workforce Solutions $'000	All Other $'000	Group $'000
REVENUE						
External revenue	78,572	16,459	42,635	21,677	6,238	165,581
Inter-segment revenue	–	–	36	110	1,018	1,164
Interest revenue	–	–	5	–	7	12
TOTAL SEGMENT REVENUE	78,572	16,459	42,676	21,787	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**	**21,787**	**6,099**	**165,593**
SEGMENT EBITDA	16,895	2,083	4,844	3,851	(10,864)	16,809
Reconciliation of segment EBITDA to Group net profit / (loss) before tax:						
Depreciation and amortisation	(4,566)	(452)	(1,058)	(321)	(699)	(7,096)
Finance costs	(746)	(92)	(160)	(79)	(367)	(1,444)
NET PROFIT / (LOSS) BEFORE TAX	**11,583**	**1,539**	**3,626**	**3,451**	**(11,930)**	**8,269**

*2021 comparatives have been restated for the current year classification with the change in identifiable reporting segments.

Note 3 – Operating Segments (continued)

(ii) Segment Assets

As at 30 June 2022

Reportable Segments	Gemco Rail $'000	Convair $'000	Drivetrain $'000	Workforce Solutions $'000	All Other $'000	Group $'000
ASSETS						
Segment assets	**66,873**	**8,548**	**44,543**	**16,019**	**(2,690)**	**133,293**
Capital expenditure	**1,741**	**728**	**644**	**100**	**546**	**3,759**
Intangibles	**–**	**–**	**–**	**742**	**2,791**	**3,533**
Reconciliation of segment assets to Group assets:						
Inter-segment eliminations	**–**	**–**	**–**	**–**	**–**	**(5,256)**
Unallocated items:						
Deferred tax assets	**–**	**–**	**–**	**–**	**–**	**16,711**
TOTAL ASSETS	**68,614**	**9,276**	**45,187**	**16,861**	**647**	**152,040**

As at 30 June 2021*

Reportable Segments	Gemco Rail $'000	Convair $'000	Drivetrain $'000	Workforce Solutions $'000	All Other $'000	Group $'000
ASSETS						
Segment assets	55,436	8,883	36,601	10,112	13,722	124,754
Capital expenditure	4,393	289	322	60	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**	**10,172**	**18,936**	**146,362**

*2021 comparatives have been restated for the current year classification with the change in identifiable reporting segments.

(iii) Segment Liabilities

As at 30 June 2022

Reportable Segments	Gemco Rail $'000	Convair $'000	Drivetrain $'000	Workforce Solutions $'000	All Other $'000	Group $'000
LIABILITIES						
Segment liabilities	**61,509**	**7,035**	**53,530**	**9,275**	**(68,421)**	**63,928**
Reconciliation of segment liabilities to Group liabilities:						
Inter-segment eliminations	**–**	**–**	**–**	**–**	**–**	**(5,256)**
Unallocated items:						
Deferred tax liabilities	**–**	**–**	**–**	**–**	**–**	**586**
TOTAL LIABILITIES	**61,509**	**7,035**	**53,530**	**9,275**	**(68,421)**	**58,258**

As at 30 June 2021*

Reportable Segments	Gemco Rail $'000	Convair $'000	Drivetrain $'000	Workforce Solutions $'000	All Other $'000	Group $'000
LIABILITIES						
Segment liabilities	53,985	6,721	48,029	4,276	(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**	**4,276**	**(56,889)**	**52,034**

*2021 comparatives have been restated for the current year classification with the change in identifiable reporting segments.

(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	2022 $'000	2021 $'000
Australasia	**181,063**	158,364
Europe	**7,579**	7,229
United States of America	**–**	–
TOTAL REVENUE	**188,642**	165,593

Assets	2022 $'000	2021 $'000
Australasia	**140,756**	134,597
Europe	**11,208**	11,747
United States of America	**76**	18
TOTAL REVENUE	**152,040**	146,362

Note 3 – Operating Segments (continued)

(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 and repairs. 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.

Maintenance and Construction Contracts

The Group is involved in the overhaul maintenance and 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 entities (CERT Training and Eureka 4WD Training) deliver 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 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.

	2022 $'000	2021 $'000
SALES REVENUE		
Sales of goods and services	**188,342**	164,867
Lease rental income	**300**	714
TOTAL SALES REVENUE	**188,642**	165,581
OTHER REVENUE		
Interest received – external	**–**	12
TOTAL OTHER REVENUE	**–**	12
TOTAL REVENUE	**188,642**	165,593
OTHER INCOME		
Gain on disposal of property, plant and equipment	**134**	2,508
Gain on contingent consideration	**550**	–
Other gains	**2,672**	2,288
TOTAL OTHER INCOME	**3,356**	4,796

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

Revenue Stream	Revenue Recognition	2022 $'000	2021 $'000
Sale of goods	Point in time	**49,162**	44,050
Rendering of services	Over time	**44,471**	38,008
Maintenance and construction contracts	Over time	**84,210**	73,524
RTO training	Point in time	**10,499**	9,285
Lease rental income	Over time	**300**	714
TOTAL SALES REVENUE		**188,642**	165,581

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.

	2022 $'000	2021 $'000
Contract assets	**5,984**	4,160
Contract liabilities	**1,086**	2,380

Note 5 – Expenses

	2022 $'000	2021 $'000
FINANCE COSTS		
Finance costs – leases	**1,000**	1,091
Other finance costs	**225**	353
TOTAL FINANCE COSTS	**1,225**	1,444
EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	**54,913**	52,474
Annual leave expense	**3,351**	2,932
Long service leave expense	**539**	133
Restructuring	**163**	163
Defined contribution plan	**4,844**	4,420
TOTAL EMPLOYEE BENEFITS EXPENSE	**63,810**	60,122
RENTAL EXPENSE ON OPERATING LEASES		
Operating lease payments*	**1,274**	1,861
TOTAL RENTAL EXPENSE ON OPERATING LEASES	**1,274**	1,861

*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.

	2022 $'000	2021 $'000
CURRENT		
Income tax receivable / (payable)	**69**	86
TOTAL CURRENT INCOME TAX	**69**	86

	2022 $'000	2021 $'000
(a) The components of tax expense / (benefit) comprise:		
Current income tax expense / (benefit)		
– Current income tax expense / (benefit)	**(67)**	(187)
Deferred income tax expense / (benefit)		
– Origination and reversal of temporary differences	**(1,140)**	(3,505)
Income tax expense / (benefit) reported in the Statement of Profit or Loss and OCI	**(1,207)**	(3,692)
(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	**4,460**	8,269
At the Company's statutory domestic income tax rate of 30% (2021: 30%)	**1,338**	2,481
Add / (Less) tax effect of:		
– Foreign tax rate adjustment	**(9)**	(57)
– Utilisation of tax losses – Australia	**(1,143)**	(1,915)
– Losses for which no deferred tax asset is recognised	**77**	(3)
– Instant asset write-off	**(926)**	(984)
– Adjustments for prior years	**139**	5
– Other non-allowable items	**(65)**	118
– Movements in recognised temporary differences	**522**	168
– Other (deferred tax asset partial recognition of prior year loses)	**(1,140)**	(3,505)
Income tax expense / (benefit)	**(1,207)**	(3,692)

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	447	–	(253)	–	–	–	–	194
BALANCE AT 30 JUNE 2021	**447**	**–**	**(253)**	**–**	**–**	**–**	**–**	**194**
Other	194	454	(62)	–	–	–	–	586
BALANCE AT 30 JUNE 2022	**194**	**454**	**(62)**	**–**	**–**	**–**	**–**	**586**
Deferred tax assets:								
Provisions	4,402	–	(52)	–	–	–	–	4,350
Accruals	–	–	–	–	–	–	–	–
Losses	7,757	–	3,505	–	–	–	–	11,262
BALANCE AT 30 JUNE 2021*	**12,159**	**–**	**3,453**	**–**	**–**	**–**	**–**	**15,612**
Provisions	4,350	–	(41)	–	–	–	–	4,309
Accruals	–	–	–	–	–	–	–	–
Losses	11,262	–	1,140	–	–	–	–	12,402
BALANCE AT 30 JUNE 2022	**15,612**	**–**	**1,099**	**–**	**–**	**–**	**–**	**16,711**

*2021 opening balances have been reclassified to align to the current year classification of deferred tax assets.

The Group has estimated carry forward operating tax losses of $47,814,056 at 30 June 2022 (2021 $51,622,909) relating to the Australian Tax Consolidated Group which are not fully recognised. The Group has estimated carry forward operating tax losses from other Australian entities of $11,967,438 at 30 June 2022 (2021 $11,967,438) which are not 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.

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.

	2022 $'000	2021 $'000
(a) RECONCILIATION OF EARNINGS TO PROFIT		
Profit for the year	**5,667**	11,961
(Profit) for the year, attributable to non-controlling interest	**–**	–
Earnings used to calculate basic EPS	**5,667**	11,961
Earnings used in the calculation of dilutive EPS	**5,667**	11,961

	No. '000	No. '000
(b) WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE YEAR USED IN CALCULATING BASIC EPS	**315,467**	313,464
Weighted average number of dilutive options outstanding	**–**	–
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**315,467**	313,464

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.

	2022 $'000	2021 $'000
CASH AT BANK AND IN HAND	**4,746**	12,091
	4,746	12,091

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 $29,570,105 (2021: $9,353,806) against cash and cash equivalents of $33,654,538 (2021: $19,115,522) resulting in a net positive cash position for these accounts of $4,084,433 (2021: $9,761,716).

Note 9 – Trade and Other Receivables

	2022 $'000	2021 $'000
CURRENT		
Trade receivables	**30,745**	23,903
Provision for impairment of receivables	**(404)**	(259)
TOTAL TRADE RECEIVABLES	**30,341**	23,644
Sundry receivables	**95**	92
TOTAL OTHER RECEIVABLES	**95**	92
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	**30,436**	23,736

(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 Group company. 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.

	2022			2021			
	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)	**0.14%**	**28,783**	**41**	0.26%	21,296	56	No
1 – 30 days past due	**3.59%**	**948**	**34**	1.96%	1,788	35	No
31 – 60 days past due	**12.12%**	**66**	**8**	6.19%	97	6	No
61 – 90 days past due	**20.81%**	**221**	**46**	16.11%	509	82	No
More than 90 days past due	**37.83%**	**727**	**275**	37.56%	213	80	Yes
TOTAL ECL PROVISION		**30,745**	**404**		23,903	259	

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.

	2022 $'000	2021 $'000
CURRENT		
At cost:		
– Work in progress	**3,305**	4,063
– Finished goods	**35,185**	31,558
	38,490	35,621
At net realisable value:		
– Work in progress	**–**	–
– Finished goods	**8,647**	10,213
	8,647	10,213
TOTAL INVENTORY	**47,137**	45,834

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 $706,000 (2021: $1,113,000).

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 which requires 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, similar to previous finance lease accounting. 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 include 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;

Note 11 – Leases and Commitments (continued)

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 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 2021 $'000	Additions $'000	Depreciation $'000	Modifications/ De-recognition $'000	30 Jun 2022 $'000
RIGHT-OF-USE ASSETS					
Property	18,424	1,891	(3,848)	(422)	**16,045**
Equipment	869	1,416	(497)	(7)	**1,781**
TOTAL RIGHT-OF-USE ASSETS	**19,293**	**3,307**	**(4,345)**	**(429)**	**17,826**

	1 Jul 2021 $'000	Additions $'000	Depreciation $'000	Modifications/ De-recognition $'000	30 Jun 2022 $'000
LEASE LIABILITIES					
Property	20,112	1,731	(3,576)	(554)	**17,713**
Equipment	898	1,365	(462)	50	**1,851**
TOTAL LEASE LIABILITIES	**21,010**	**3,096**	**(4,038)**	**(504)**	**19,564**
Current lease liabilities	3,901				**3,841**
Non-current lease liabilities	17,109				**15,723**

(a) Leases as a Lessor

The Group leases out 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.

	2022 $'000	2021 $'000
OPERATING LEASE RECEIVABLES		
Receivable – minimum lease payments:		
– not later than 12 months	**119**	115
– between 12 months and 5 years	**316**	436
– greater than 5 years	**–**	–
	435	551

Note 12 – Other Assets

	2022 $'000	2021 $'000
CURRENT		
Other current assets	**109**	232
Prepayments	**1,702**	1,416
TOTAL CURRENT OTHER ASSETS	**1,811**	1,648

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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. 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.

	2022 $'000	2021 $'000
LAND AND BUILDINGS		
FREEHOLD LAND:		
– At cost	**5,520**	5,520
TOTAL LAND	**5,520**	5,520
BUILDINGS:		
– At cost	**2,205**	2,200
– Less accumulated depreciation	**(747)**	(695)
TOTAL BUILDINGS	**1,458**	1,505
TOTAL LAND AND BUILDINGS	**6,978**	7,025
PLANT AND EQUIPMENT		
– At cost	**93,342**	88,482
– Less accumulated depreciation and impairment	**(78,950)**	(74,574)
TOTAL PLANT AND EQUIPMENT	**14,392**	13,908
LEASEHOLD IMPROVEMENTS		
– At cost	**7,528**	7,123
– Accumulated depreciation	**(5,111)**	(4,499)
TOTAL LEASEHOLD IMPROVEMENTS	**2,417**	2,624
TOTAL PROPERTY, PLANT AND EQUIPMENT	**23,787**	23,557

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 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**
Additions	–	5	420	3,334	3,759
Acquired through business combinations	–	–	–	1,633	1,633
Disposals	–	–	(15)	(107)	(122)
Impairment	–	–	–	(1,649)	(1,649)
Depreciation expense	–	(52)	(612)	(2,727)	(3,391)
BALANCE AT 30 JUNE 2022	**5,520**	**1,458**	**2,417**	**14,392**	**23,787**

Plant and equipment assets of $1,649,000 were impaired during the year as a result of the flooding event at Gemco Rail's Gladstone workshop. This event is subject to an open insurance claim with the Group's insurance company. Refer to Note 19 – Contingent Assets and Liabilities for further details.

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.

	2022 Cents	2021 Cents
Net tangible assets per ordinary share: 315,495,882 shares (2021: 313,489,018 shares)	**25.2**	27.0

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.

	2022 $'000	2021 $'000
GOODWILL		
Cost:		
Opening balance	**–**	–
Acquired through business combinations	**2,631**	–
Closing balance	**2,631**	–
TOTAL GOODWILL	**2,631**	–
OTHER IDENTIFIABLE INTANGIBLES		
Cost:		
Opening balance	**13,387**	13,110
Additions	**9**	277
Acquired through business combinations	**865**	–
Transfers out	**(120)**	–
Closing balance	**14,141**	13,387
Accumulated amortisation and impairment:		
Opening balance	**(13,047)**	(12,983)
Amortisation for the year	**(192)**	(64)
Closing balance	**(13,239)**	(13,047)
TOTAL OTHER IDENTIFIABLE INTANGIBLES	**902**	340
NET BOOK VALUE	**3,533**	340
TOTAL INTANGIBLE ASSETS		
At cost	**16,772**	13,387
Accumulated amortisation and impairment	**(13,239)**	(13,047)
NET BOOK VALUE	**3,533**	340

Note 15 – Intangible Assets (continued)

With the exclusion of Goodwill, 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.

Impairment testing for CGUs containing goodwill

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's business plans and forecasts including the assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Percentages	2022
Discount rate	10.0%
Terminal value growth rate	2.5%
Budgeted EBITDA growth rate (average over next five years)	13.0%

The discount rate was a post-tax measure estimated based on the CGU's weighted average cost of capital.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of a conservative long-term compound EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated considering the following year's budget and plan, extended over a five-year period using a growth factor relevant to the industry and business plan.

The directors have determined that, given the excess of recoverable value over asset carrying value, there are no reasonably possible changes in assumptions which could occur to cause the carrying amount of the CGU to exceed the recoverable amount.

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.

	2022 $'000	2021 $'000
CURRENT		
Unsecured liabilities:		
Trade payables	**18,668**	13,539
Sundry payables and accrued expenses	**5,323**	2,753
TOTAL TRADE AND OTHER PAYABLES	**23,991**	16,292

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.

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 2022 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 2022 $'000	Facility Used 2022 $'000	Maturity Dates 2022	Facility Available 2021 $'000	Facility Used 2021 $'000	Maturity Dates 2021	Interest Basis
– NAB Revolving Credit Facility*	**27,100**	**–**	**Oct–23**	27,100		Oct–23	Floating
– Swedish Overdraft Facility (SEK)**	**852**	**–**	**Dec–22**	935	–	Dec–21	Floating
	27,952	**–**		28,035	–		

* 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.

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)).

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 2021	**2,878**	**3,772**	**141**	**43**	**3,839**	**1,480**	**12,153**
Provisions raised	539	3,351	–	–	263	653	4,806
Provisions released	–	–	(141)	–	(116)	–	(257)
Provisions used	(263)	(2,695)	–	(17)	(5)	(691)	(3,671)
BALANCE AT 30 JUNE 2022	**3,154**	**4,428**	**–**	**26**	**3,981**	**1,442**	**13,031**
Current	2,587	4,428	–	26	131	1,442	8,614
Non-current	567	–	–	–	3,850	–	4,417
BALANCE AT 30 JUNE 2022	**3,154**	**4,428**	**–**	**26**	**3,981**	**1,442**	**13,031**

Note 19 – Contingent Assets and Liabilities

In March 2022, Gemco Rail's Gladstone workshop was subject to a severe flood event that impacted the Northeast Coast of Australia. This event caused business disruption and destroyed the recently commissioned Under Floor Wheel Lathe, which has been subject to a $1,649,000 impairment in the 2022 statutory financial results. The Group maintains insurance for flood events at all facilities, and at the time of the accounts being published, the insurance claim for the impaired asset and associated business interruption has been lodged with the Group insurance company which is being processed but has not been significantly progressed to allow for the claim to be recognised in the 2022 financial statements. The Board believes that the settled claim will substantially exceed the impaired asset.

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 2022 is $1,209,174 (2021: $1,166,687).

Note 20 – Issued Capital and Reserves

(a) Share Capital

	2022 $'000	2021 $'000
315,495,882 (2021: 313,489,018) fully paid ordinary shares	**303,834**	302,774
	303,834	302,774

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*.

	2022 No.	2021 No.
At beginning of reporting period	**313,489,018**	313,380,943
Issue of ordinary shares related to business combinations	**1,869,404**	–
Employee share purchase plan	**137,460**	108,075
AT REPORTING DATE	**315,495,882**	313,489,018

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 $60,000 (2021: $55,000).

Note 20 – Issued Capital and Reserves (continued)

(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 2022, and there are no tax consequences.

	2022 $'000	2021 $'000
(a) INTERIM DIVIDEND DECLARED		
0.5 cents per ordinary share (2021: 0.5 cents)	**1,577**	1,567
(b) FINAL DIVIDEND DECLARED		
1.5 cents per ordinary share (2021: 1.5 cents)	**4,732**	4,730
(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% (2021: 30%)	**1,290**	3,867

Note 21 – Parent Entity Disclosures

As at, and throughout the financial year ended, 30 June 2022 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.

	2022 $'000	2021 $'000
(a) Financial Position of Parent Entity at year end		
ASSETS		
Current assets	**1,830**	2,300
Non-current assets	**71,146**	49,529
TOTAL ASSETS	**72,976**	51,829
LIABILITIES		
Current liabilities	**32,065**	10,963
Non-current liabilities	**3,513**	3,887
TOTAL LIABILITIES	**35,578**	14,850
NET ASSETS	**37,398**	36,979
EQUITY		
Issued capital	**303,834**	302,774
Profit reserve	**15,217**	15,858
Accumulated losses	**(281,653)**	(281,653)
TOTAL EQUITY	**37,398**	36,979
(b) Result of Parent Entity		
Profit for the year	**5,667**	14,115
Other comprehensive income	–	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**5,667**	14,115

The parent entity's current liabilities relate to Group banking facilities secured against the subsidiaries' assets within the Group. Details of these facilities can be found in Note 8 – Cash and Cash Equivalents.

(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 2022, the parent entity has no significant contingent liabilities (2021: NIL).

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

At 30 June 2022, the parent entity had not entered into any contractual commitments for the acquisition of property, plant and equipment and other intangible assets (2021: NIL).

Note 22 – Cash Flow Information

(a) Reconciliation of Cash at End of Financial Year

	Note	2022 $'000	2021 $'000
Cash and cash equivalents	8	**4,746**	12,091
Bank overdrafts	17	**–**	–
CASH (NET OF BANK OVERDRAFTS) AT END OF FINANCIAL YEAR		**4,746**	12,091

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

	2022 $'000	2021 $'000
PROFIT AFTER INCOME TAX	**5,667**	11,961
Adjustments for non-cash items:		
– Depreciation	**7,736**	7,040
– Other intangibles amortisation	**192**	56
– Impairment losses on inventory	**706**	1,113
– Impairment of property, plant and equipment	**1,649**	–
– Movement in ECL provision	**122**	(76)
– Net finance costs	**225**	341
– Income tax expense / (benefit)	**(1,207)**	(3,692)
– Gain on sale of property, plant and equipment	**(134)**	(2,508)
	14,956	14,235
Changes in:		
– (Increase) / decrease in trade and other receivables	**(8,648)**	6,847
– (Increase) / decrease in prepayments	**(136)**	(148)
– (Increase) / decrease in inventories	**(2,010)**	(3,875)
– Increase / (decrease) in trade payables and accruals	**6,069**	(2,360)
– Increase / (decrease) in provisions	**564**	234
Cash provided by / (used in) operating activities	**10,795**	14,933
– Net interest paid	**(225)**	(341)
– Income taxes paid	**(13)**	(46)
CASH FLOW PROVIDED BY / (USED IN) OPERATIONS	**10,557**	14,546

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	2022 $'000	2021 $'000
FINANCIAL ASSETS			
Cash and cash equivalents	8	**4,746**	12,091
Trade and other receivables	9	**30,436**	23,736
Contract assets	4	**5,984**	4,160
		41,166	39,987
FINANCIAL LIABILITIES			
Trade and other payables	16	**23,991**	16,292
Contract liabilities	4	**1,086**	2,380
Lease liabilities	11	**19,564**	21,010
		44,641	39,682

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:

	2022 $'000	2021 $'000
FLOATING RATE INSTRUMENTS		
Bank overdrafts	**–**	–
TOTAL FLOATING RATE INSTRUMENTS	**–**	–

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	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
FINANCIAL LIABILITIES DUE FOR PAYMENT								
Trade and other payables	**23,991**	16,292	**–**	–	**–**	–	**23,991**	16,292
Contract liabilities	**1,086**	2,380	**–**	–	**–**	–	**1,086**	2,380
Lease liabilities	**3,841**	3,901	**13,520**	13,973	**2,203**	3,136	**19,564**	21,010
TOTAL EXPECTED OUTFLOWS	**28,918**	22,573	**13,520**	13,973	**2,203**	3,136	**44,641**	39,682

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

Note 23 – Financial Risk Management (continued)

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			
	2022 Carrying Value $'000	2022 Fair Value $'000	2021 Carrying Value $'000	2021 Fair Value $'000
FINANCIAL ASSETS				
Cash and cash equivalents	**4,746**	**4,746**	12,091	12,091
Trade and other receivables	**30,436**	**30,436**	23,736	23,736
Contract assets	**5,984**	**5,984**	4,160	4,160
	41,166	**41,166**	39,987	39,987
FINANCIAL LIABILITIES				
Trade and other payables	**23,991**	**23,991**	16,292	16,292
Contract liabilities	**1,086**	**1,086**	2,380	2,380
Lease liabilities	**19,564**	**19,564**	21,010	21,010
	44,641	**44,641**	39,682	39,682

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.

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:

	2022 $'000	2021 $'000
CHANGE IN EARNINGS		
– Improvement in AUD to SEK by 5%	**(5)**	(35)
– Decline in AUD to SEK by 5%	**5**	35
CHANGE IN EQUITY		
– Improvement in AUD to SEK by 5%	**447**	529
– Decline in AUD to SEK by 5%	**(447)**	(529)

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 2022 and 2021 are as follows:

	2022 $'000	2021 $'000
Net debt / (cash)	**(4,746)**	(12,091)
Total equity	**93,782**	94,328
TOTAL EQUITY AND NET DEBT	**89,036**	82,237
GEARING RATIO	**(5%)**	(13%)

The gearing ratio is negative as the Group had positive Net Cash. As at 30 June 2022 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:

	2022 $	2021 $
Short-term employee benefits	**1,184,765**	1,184,415
Post-employment benefits	**97,383**	97,662
Termination benefits	**–**	–
Other long-term benefits	**11,472**	21,388
TOTAL	**1,293,620**	1,303,465

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.

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:

		Revenue/(Cost) for the year ended 30 June		Receivable/(Payable) as at 30 June	
Related Party	**Director**	**2022 $**	**2021 $**	**2022 $**	**2021 $**
Elphinstone Group (Aust) Pty Ltd[1]	D Elphinstone	**(102,786)**	(91,502)	**–**	(17,285)
William Adams Pty Ltd[2]	D Elphinstone	**(1,845)**	(1,824)	**–**	–
United Equipment Pty Ltd[3]	D Elphinstone	**(631,013)**	(658,790)	**(20,910)**	(3,847)
Southern Prospect Pty Ltd[4]	D Elphinstone	**4,377**	9,924	**1,518**	547
Elphinstone Pty Ltd[5]	D Elphinstone	**447,649**	598,275	**54,178**	216,711
Gekko Systems Pty Ltd[6]	D Elphinstone	**61,366**	62,935	**3,280**	–

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 previous 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	**2022 $'000**	**2021 $'000**
Current receivables (parent entity):		
Receivables from subsidiaries	**932**	468

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

	2022 $	2021 $
AUDIT AND REVIEW SERVICES		
Auditors of the Company		
– KPMG Australia – audit and review of financial statements	**352,000**	300,000
– KPMG Overseas – audit and review of financial statements	**33,218**	32,027
Other auditors		
– Audit and review of financial statements	**–**	9,230
TOTAL AUDIT AND REVIEW SERVICES	**385,218**	341,257
OTHER SERVICES		
Auditors of the Company		
– KPMG Australia – in relation to advisory service	**157,966**	19,498
OTHER AUDITORS		
– Other Auditors – assurance services	**44,143**	–
– Other Auditors – tax services	**44,968**	–
TOTAL OTHER SERVICES	**247,077**	19,498

Note 26 – Business Combinations

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 focused 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 purchase price included an earn-out component and was funded via a combination of cash and new equity issued to the vendors.

On 27 April 2022, a Share Sale Variation Agreement was entered into amending the earn-out component of the purchase price. The duration of the earn-out was reduced from 12 months to 6 months, and maximum value was reduced from $1,000,000 to $500,000. At the conclusion of the earn-out period, 90% of the earn-out target had been achieved and a payment of $450,000 made to the vendors in accordance with the sale agreement. The remaining deferred consideration liability has been accounted for in Other Income in the Statement of Profit or Loss and OCI.

Details of the purchase consideration:

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

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 liabilities	120
Borrowings	216
Provisions	77
Current tax liabilities	76
Deferred tax liabilities	454
TOTAL LIABILITIES ACQUIRED	**985**
NET IDENTIFIABLE ASSETS	**938**
Add:	
Technology	41
Customer contracts	329
Brand names	495
Goodwill arising on acquisition	2,631
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.

(a) Analysis of cash flows on acquisition

	$'000
OUTFLOW OF CASH TO ACQUIRE SUBSIDIARY, NET OF CASH ACQUIRED:	
Cash consideration	2,500
Deferred consideration	450
Less: Cash balance acquired	66
NET CASH OUTFLOW – INVESTING ACTIVITIES	**2,884**

Impact of acquisition on the results of the Group

Included in the profit for the year is $896,000 attributable to Eureka 4WD Training Pty Ltd. Revenue for the year includes $3,586,000 in respect of Eureka 4WD Training Pty Ltd.

Acquisition related costs

The Group incurred acquisition related costs of $25,164 on legal fees and due diligence costs. These costs have been included in "other expenses".

Note 27 – Events Subsequent to Reporting Date

On 18 August 2022, the Board resolved to declare a final dividend of 1.5 cents per share (64% franked). Payment of the dividend to shareholders will take place on 27 September 2022.

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 2022.

Shareholder Information

for the year ended 30 June 2022

Additional information for listed companies at 8 August 2022.

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	173	35,882	0.01%
1,001 – 5,000	300	898,410	0.28%
5,001 – 10,000	123	985,911	0.31%
10,001 – 100,000	221	7,843,150	2.49%
100,001 – and over	98	305,732,529	96.91%
	915	**315,495,882**	**100%**

(b) The number of shareholders holding less than marketable parcels (less than $500 in value) is 181.

(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	117,248,040	37.16%
2	Elph Pty Ltd	99,306,667	31.48%
3	UBS Nominees Pty Ltd	33,966,932	10.77%
4	RAC & JD Brice Superannuation P/L	17,287,249	5.48%
5	Mr Hugh William Maguire & Mrs Susan Anne Maguire	3,804,600	1.21%
6	Mr Neville Leslie Esler & Mrs Cheryl Anne Esler	2,296,925	0.73%
7	HSBC Custody Nominees (Australia) Limited	1,538,985	0.49%
8	Strategic Value Pty Ltd	1,538,400	0.49%
9	Mr Dennis Graham Austin & Mrs Marilyn Alice Austin	1,481,860	0.47%
10	Mr Hugh William Maguire	1,300,000	0.41%
11	Prussner Investments Pty Ltd	1,170,688	0.37%
12	Dr Jared Charles Lawrence	1,133,807	0.36%
13	Neko Super Pty Ltd	1,100,000	0.35%
14	BFA Super Pty Ltd	944,950	0.30%
15	Rayneman Enterprises Pty Ltd	934,702	0.30%
16	Delacorp Pty Ltd	934,702	0.30%
17	Robroz Pty Ltd	700,000	0.22%
18	JXB Super Pty Ltd	600,000	0.19%
19	Bryan & Jean Hiscock Superannuation Pty Ltd	550,000	0.17%
20	Keltrabrod Pty Ltd	550,000	0.17%
		288,388,507	**91.42%**

(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	117,248,040	37.16%
Elph Pty Ltd	99,306,667	31.48%
Thorney Investment Group Pty Ltd	33,966,932	10.77%
RAC & JD Brice Superannuation P/L	17,287,249	5.48%

(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 name 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

for the year ended 30 June 2022

Corporate Office

Engenco Limited

Level 22
535 Bourke Street
Melbourne VIC 3000

T: +61 (0)3 8620 8900
F: +61 (0)3 8620 8999

investor.relations@engenco.com.au

www.engenco.com.au

Registered Office

Engenco Limited

Level 22
535 Bourke Street
Melbourne VIC 3000

T: +61 (0)3 8620 8900
F: +61 (0)3 8620 8999

Directors

Vincent De Santis

BCom, LLB (Hons)
Independent 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, FCA, FAICD
Independent Non-Executive Director

Company Secretaries

Paul Burrows

BCom, CA, GAICD
Company Secretary

Meredith Rhimes

BA, LLB
Company Secretary

Auditors

KPMG

Tower Two
Collins Square
727 Collins Street
Melbourne VIC 3000

T: +61 (0)3 9288 5555
F: +61 (0)3 9288 6666

Share Registry

Automic Group

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

T: +61 (0)2 8072 1400

hello@automicgroup.com.au
automicgroup.com.au

www.engenco.com.au