ASX Listing Code: EGN
ABN: 99 120 432 144

APPENDIX 4D
AND INTERIM FINANCIAL STATEMENTS

31 December 2018
Lodged with the ASX under Listing Rule 4.2A.3.
This information should be read in conjunction with the 30 June 2018 Annual Report.

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Engenco Limited and its Controlled Entities
Half-Year Ended 31 December 2018 Results for Announcement to the Market

Revenue / profit	Up / Down	Change (%)	**31 Dec 2018 $000**	31 Dec 2017 $000
Revenue for the period	↑	12.5%	**88,030**	78,227
Net profit / (loss) after tax for the period	↓	(13.7%)	**6,510**	7,540
TOTAL NET PROFIT / (LOSS) AFTER TAX FOR THE PERIOD ATTRIBUTABLE TO MEMBERS	↓	(13.7%)	**6,510**	7,540

Dividends	Amount Per Security Cents	Franked amount per Security Cents
2018 Final Dividend (paid 27 September 2018)	1.0	1.0

No dividends were declared or paid for the half years ended 31 December 2017 and 31 December 2018

Net Tangible Assets	**31 Dec 2018**	31 Dec 2017
Net tangible assets per ordinary share	**$0.21**	$0.18

Equity-Accounted Investee	**31 Dec 2018**	31 Dec 2017
Percentage of equity owned:		
DataHawk Pty Ltd	**50%**	50%

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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Engenco Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' **Report**

The directors of the Group, being Engenco Limited ("the Company") and its controlled entities, present their report, together with the condensed consolidated interim financial statements for the six months ended 31 December 2018 and the auditor's review report thereon.

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

Directors

The directors of the Company at any time during or since the end of the interim period are:

Vincent De Santis (Non-Executive Director / Chairman)	Full period
Kevin Pallas (Managing Director & CEO)	Full period
Dale Elphinstone (Non-Executive Director)	Full period
Alison von Bibra (Independent Non-Executive Director)	Full period
Ross Dunning (Independent Non-Executive Director)	Full period

Review of Operations

The Group recorded a total net profit after tax for the six months ended 31 December 2018 of $6,510,000 compared to $7,540,000 in the corresponding period last financial year. Revenue grew by 12.5% in the first half to $88,030,000 (H1 FY18: $78,227,000) as a result of improved sales primarily from Total Momentum and Gemco Rail segments. Earnings before interest, tax, depreciation and amortisation (EBITDA) in the half was $8,875,000 (H1 FY18: $9,721,000).

Earnings before interest and tax (EBIT) of $6,964,000 remained strong, but moderated when compared to an EBIT of $7,897,000 recorded in the preceding corresponding half year. This was influenced by a shift in revenue mix. There was an increase in revenue for Total Momentum which typically operates at a lower margin, and lower revenue in Drivetrain, whilst CERT Training's revenue and margin softened. Additionally, the Group continues to invest in its workforce and facilities to maximise additional outsourced maintenance opportunities, and to support the expanded range of products and services.

There were no major investments nor divestments undertaken in the half. There was some modest capital expenditure and, as expected, net working capital has grown based on investment in strategic inventory. A new NAB banking facility agreement was finalised during the period with debt facilities totalling $13,100,000 now being available to the Group. As at 31 December 2018 this facility remained undrawn. The Group's net cash position at period-end was $8,633,000 compared to $8,318,000 at the end of June 2018, after paying a dividend of $3,134,000 in September 2018.

The following table provides key performance measures:

	H1 2019 $000	H1 2018* $000
Revenue	**88,030**	78,227
EBITDA[2]	**8,875**	9,721
EBIT[1]	**6,964**	7,897
Profit / (loss) after tax	**6,510**	7,540
Net operating cash flow	**4,618**	5,008
Net assets	**76,450**	73,218
Net cash / (debt)[3]	**8,633**	8,318

* Net assets and Net cash / (debt) comparatives are as at 30 June 2018.

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

[2] EBITDA is EBIT before depreciation and amortisation.

[3] Net cash / (debt) is cash and cash equivalents less financial liabilities.

Note – EBIT, EBITDA and Net cash / (debt) are non-IFRS financial measures, which have not been subject to review or audit by the Group's external auditors. These measures are presented to assist understanding of the underlying performance of the Group.

Gemco Rail reported an improved revenue performance and profitability remained at healthy levels in a highly competitive market. The new facility in the Hunter Valley contributed strongly to the results along with increased workshop demand in Forrestfield, Western Australia and Dynon, Victoria. Investment in our workforce and facilities on the East coast continues to ensure we are well placed to maximise our response to increased outsourced maintenance prospects. Revenue from Product Sales grew on the back of maturing strategic partnerships with premium quality, globally recognised OEM partners. The PQGY wagon fleet was fully utilised throughout the period which also contributed positivity to the result.

Total Momentum was the strongest contributor to the Group's increased revenue for the period. Total Momentum was a key partner in a major rail upgrade project in South Australia between Adelaide and Tarcoola, providing labour services across various aspects of the rail infrastructure project. The Western Australian market remained subdued, and activity in the Eastern states was somewhat impacted by decreased volumes caused by the drought.

Drivetrain had lower revenue for the period when compared to the prior corresponding period which included significant sales in the gas-compression industry, and to some major mining contractors, that have not been repeated in the first half of FY19. Workshop utilisation levels remained high with additional demand across a number of facilities within the national branch network. There is ongoing investment in our workforce as we address the increased service demand. We continued to serve the Australian defence industry with support of land and marine-based assets. Investments made in strategic inventory and expanding the product range are aimed at ensuring that customer demands are met going forward.

Centre for Excellence in Rail Training (CERT Training), continued to react to changing market demand for training services but experienced significantly reduced activity over the period, particularly in Victoria. A number of development projects were undertaken, including the opening of a new regional training centre in Western Australia to support the growing high-risk training scope. There was continued investment in courseware, RTO compliance and technology to broaden service offerings, meet market demand, and to provide high-quality outcomes more effectively.

Convair Engineering (Convair) delivered an improved revenue result compared to the last corresponding half. Convair's fleet servicing, spares and repair business remains steady. The Australian construction industry is experiencing a robust period, and this has helped boost demand for new tankers significantly, leading to a healthy forward order book for Convair.

The activity of Hedemora in Sweden is recorded in the "All Other" segment, and makes up the majority of revenue in this segment. This small, but profitable, business continues to support the life-extension of the Australian submarine fleet through Drivetrain, and are beginning to penetrate the turbocharger retrofit market in the Northern Hemisphere.

Revenue improvements for the consolidated Group in the first half translated to more moderate profit margins as compared to the same period last year, but actually showed an improvement compared to the second half of last financial year despite a change in sales mix. This diversity of revenue source is a key factor in the delivery of sustainable profitability.

Looking ahead, the Group remains well positioned to take further advantage of the generally positive industry environment, mainly driven by healthy activity in the Australian mining, transport, and infrastructure construction sectors. The Group has also made calculated investments in development and growth projects, including the establishment of additional capacity to meet anticipated demand. These factors are expected to positively contribute to profitability in future periods.

Events Subsequent to Reporting Date

On 22 January 2019, the Group entered into an asset sale agreement with a Tier-1 rail operator to sell its wagon fleet over a number of tranches. On 13 February 2019, the sale of Tranche 1 (wagon assets classified as held for sale as at reporting date) and Tranche 2 (wagon assets which became available for sale subsequent to the reporting date) of the asset sale agreement was completed for a combined consideration of $6,610,000. Subject to contract conditions being met, the balance of the wagon fleet will be sold in a further two tranches as they become available for sale over the next two years.

On 5 February 2019, the Group executed a variation deed to increase its bank guarantee facility limit with National Australia Bank from $2,000,000 to $6,000,000.

Other than the above, there has not arisen, in the interval between 31 December 2018 and the date of this report, any item, transaction or event which would have a material effect on the condensed consolidated interim financial statements of the Group at 31 December 2018.

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.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 7, and forms part of the Directors' Report for the six months ended 31 December 2018

Signed in accordance with a resolution of the Directors

Vincent De Santis
Chairman

Dated at Melbourne this 21st day of February 2019

LEAD AUDITOR'S
INDEPENDENCE DECLARATION

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 review of Engenco Limited for the half-year ended 31 December 2018 there have been:

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

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

KPMG

KPMG

Suzanne Bell
Partner

Melbourne
21 February 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 31 December 2018

	Note	**Consolidated Group 31 Dec 18 $000**	Consolidated Group 31 Dec 17 $000
Revenue	3	**88,030**	78,227
Other income		**655**	774
Changes in inventories of finished goods and work in progress		**2,848**	1,540
Raw materials and consumables used		**(40,207)**	(37,821)
Employee benefits expense		**(33,344)**	(24,683)
Depreciation and amortisation expense		**(1,911)**	(1,824)
Finance costs		**(185)**	(251)
Subcontract freight		**(409)**	(482)
Repairs and maintenance		**(511)**	(565)
Insurances		**(632)**	(565)
Rent and outgoings		**(3,089)**	(2,947)
Foreign exchange movements		**(115)**	18
Other expenses		**(4,351)**	(3,775)
PROFIT / (LOSS) BEFORE INCOME TAX		**6,779**	7,646
Income tax benefit / (expense)	4	**(269)**	(106)
TOTAL PROFIT / (LOSS) FOR THE PERIOD		**6,510**	7,540
Profit / (loss) attributable to:			
Owners of the Company		**6,510**	7,540
Non-controlling interest		**-**	-
TOTAL PROFIT / (LOSS) FOR THE PERIOD		**6,510**	7,540
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of overseas subsidiaries		**501**	110
Other comprehensive income for the period, net of tax		**501**	110
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**7,011**	7,650
Total comprehensive income attributable to:			
Owners of the Company		**7,011**	7,650
Non-controlling interest		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**7,011**	7,650
EARNINGS PER SHARE		**Cents**	Cents
Basic and diluted earnings per share (cents per share)	5	**2.08**	2.41

The condensed notes on pages 14 to 34 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

as at 31 December 2018

	Note	**Consolidated Group 31 Dec 18 $000**	Consolidated Group 30 Jun 18 $000
CURRENT ASSETS			
Cash and cash equivalents		**8,862**	8,656
Trade and other receivables		**29,443**	28,275
Inventories		**36,792**	33,944
Assets held for sale	6	**2,372**	-
Current tax assets		**48**	-
Other current assets		**4,474**	3,315
TOTAL CURRENT ASSETS		**81,991**	74,190
NON-CURRENT ASSETS			
Property, plant and equipment		**13,718**	16,839
Deferred tax assets		**5,631**	5,575
Intangible assets		**248**	248
TOTAL NON-CURRENT ASSETS		**19,597**	22,662
TOTAL ASSETS		**101,588**	96,852
CURRENT LIABILITIES			
Trade and other payables		**17,271**	15,453
Financial liabilities		**229**	338
Current tax liabilities		**25**	132
Provisions		**6,196**	6,529
TOTAL CURRENT LIABILITIES		**23,721**	22,452
NON-CURRENT LIABILITIES			
Provisions		**682**	488
Deferred tax liabilities		**735**	694
TOTAL NON-CURRENT LIABILITIES		**1,417**	1,182
TOTAL LIABILITIES		**25,138**	23,634
NET ASSETS		**76,450**	73,218
Share capital	8	**302,719**	302,719
Reserves		**150**	(351)
Profit reserve		**2,433**	271
Accumulated losses		**(223,023)**	(223,592)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS EQUITY OF THE COMPANY		**82,279**	79,047
Non-controlling interest		**(5,829)**	(5,829)
TOTAL EQUITY		**76,450**	73,218

The condensed notes on pages 14 to 34 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

for the six months ended 31 December 2018

Consolidated Group	Share Capital $000	Accu-mulated Losses* $000	Profit Reserve* $000	Foreign Currency Transla-tion Reserve $000	Sub-Total $000	Non-Con-trolling Interest $000	Total Equity $000
BALANCE AT 1 JULY 2017	302,719	(239,757)	-	(122)	62,840	(5,829)	57,011
COMPREHENSIVE INCOME							
Profit / (loss)	-	7,540	-	-	7,540	-	7,540
Transfer to profit reserve	-	(1,838)	1,838	-	-	-	-
Other comprehensive income	-	-	-	110	110	-	110
TOTAL COMPREHENSIVE INCOME	-	5,702	1,838	110	7,650	-	7,650
TRANSACTIONS WITH OWNERS OF THE COMPANY							
Contributions and Distributions:							
Dividends Paid	-	-	(1,567)	-	(1,567)	-	(1,567)
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY	-	-	(1,567)	-	(1,567)	-	(1,567)
BALANCE AT 31 DECEMBER 2017	302,719	(234,055)	271	(12)	68,923	(5,829)	63,094

Consolidated Group	**Share Capital $000**	**Accu-mulated Losses $000**	**Profit Reserve $000**	**Foreign Currency Transla-tion Reserve $000**	**Sub-Total $000**	**Non-Con-trolling Interest $000**	**Total Equity $000**
BALANCE AT 1 JULY 2018	**302,719**	**(223,592)**	**271**	**(351)**	**79,047**	**(5,829)**	**73,218**
Adjustments from adoption of AASB 9 & AASB 15	**-**	**(645)**	**-**	**-**	**(645)**	**-**	**(645)**
ADJUSTED BALANCE AT 1 JULY 2018	**302,719**	**(224,237)**	**271**	**(351)**	**(78,402)**	**(5,829)**	**72,573**
COMPREHENSIVE INCOME							
Profit / (loss)	**-**	**6,510**	**-**	**-**	**6,510**	**-**	**6,510**
Transfer to profit reserve	**-**	**(5,296)**	**5,296**	**-**	**-**	**-**	**-**
Other comprehensive income	**-**	**-**	**-**	**501**	**501**	**-**	**501**
TOTAL COMPREHENSIVE INCOME	**-**	**1,214**	**5,296**	**501**	**7,011**	**-**	**7,011**
TRANSACTIONS WITH OWNERS OF THE COMPANY							
Contributions and Distributions:							
Dividends Paid	**-**	**-**	**(3,134)**	**-**	**(3,134)**	**-**	**(3,134)**
TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY	**-**	**-**	**(3,134)**	**-**	**(3,134)**	**-**	**(3,134)**
BALANCE AT 31 DECEMBER 2018	**302,719**	**(223,023)**	**2,433**	**150**	**82,729**	**(5,829)**	**76,450**

The condensed notes on pages 14 to 34 are in integral part of these condensed consolidated interim financial statements.

* 2018 comparatives have been reclassified. Full details are disclosed in Note 1.

Condensed Consolidated Statement of Cash Flows

for the six months ended 31 December 2018

	Consolidated Group 31 Dec 18 $000	Consolidated Group 31 Dec 17 $000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**94,192**	84,226
Payments to suppliers and employees	**(88,974)**	(79,056)
Finance costs	**(185)**	(251)
Interest received	**24**	288
Income tax paid	**(439)**	(199)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	**4,618**	5,008
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of non-current assets	**825**	707
Purchase of non-current assets	**(1,994)**	(1,584)
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	**(1,169)**	(877)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(3,134)**	(1,567)
Repayment of borrowings	**-**	(4,000)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	**(3,134)**	(5,567)
Net increase / (decrease) in cash and cash equivalents	**315**	(1,436)
Cash (net of bank overdrafts) at beginning of period	**8,318**	8,697
CASH (NET OF BANK OVERDRAFTS) AT 31 DECEMBER	**8,633**	7,261

Reconciliation of Cash and Cash Equivalents

	31 Dec 18 **$000**	31 Dec 17 $000
Cash at the end of the financial period as shown in the Condensed Consolidated Statement of Cash Flows is reconciled to items in the Condensed Consolidated Statement of Financial Position as follows:		
Cash and cash equivalents	**8,862**	7,647
Bank overdrafts (disclosed in current 'Financial Liabilities')	**(229)**	(386)
	8,633	7,261

As at the reporting date, where the Group has the legally enforceable right of set-off and intention to settle on a net basis within the CBA pooling facility, the Group has set-off bank overdrafts of $21,815,000 (31 Dec 2017: $25,223,000) against cash and cash equivalents of $27,132,000 (31 Dec 2017: $28,955,000) resulting in a net CBA pooling facility cash position of $5,317,000 (31 Dec 2017: $3,732,000).

On 20 November 2018, the Group entered into a financing arrangement with the National Australia Bank (NAB) for a $10,000,000 revolving credit facility, $2,000,000 bank guarantee facility, $600,000 business card facility and $500,000 set-off facility with a term of three years. This replaced the previous funding facility held with Elph Pty Ltd, which was terminated on 20 November 2018. As at 31 December 2018, the assets pledged as security under the NAB financing arrangement included all present and future property of Engenco Limited and its wholly owned Australian subsidiaries (30 June 2018: $16,117,000 under the Elph funding facility).

Reconciliation of Financial Liabilities in Financing Activities

	1 Jul 2018 $000	Cash Flows $000	Non-Cash Changes $000	**31 Dec 2018** **$000**
Bank Overdraft	338	-	(109)	**229**
TOTAL FINANCIAL LIABILITIES	338	-	(109)	**229**

The condensed notes on pages 14 to 34 are an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

for the half year ended 31 December 2018

Note 1 - Significant Accounting Policies

Reporting Entity

Engenco Limited (the "Company") is a company domiciled in Australia. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 31 December 2018 comprise the Company and its subsidiaries ("the Group"). The Group is a for-profit entity and is involved in the delivery of a diverse range of engineering services and products.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2018 are available upon request from the Company's registered office at Level 22, 535 Bourke Street, Melbourne, VIC 3000 or at www.engenco.com.au.

Basis of Preparation

These interim financial statements are general purpose financial statements prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*, and with IAS 34 *Interim Financial Reporting*.

They do not include all the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2018.

These interim financial statements were authorised for issue by the Company's Board of Directors on 21 February 2019.

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.

Significant Accounting Policies

The accounting policies applied in these interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2018, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards.

Note 1 - Significant Accounting Policies (cont'd)

Use of Judgements and Estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2018.

Going Concern

The interim financial statements has 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.

Prior Year Reclassification

The 2018 comparative figures have been reclassified as follows:

Condensed Consolidated Statement of Changes in Equity

'Profit reserve' was previously disclosed as part of 'Accumulated losses'. Closing balances for the six months ended 31 December 2017 have been reclassified as follows:

	2018 Interim Report $000	2018 Reclassified $000	Change $000
Accumulated losses	(233,784)	(234,055)	(271)
Profit reserve	-	271	271

Note 1 - Significant Accounting Policies (cont'd)

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:

- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
- *Annual Improvements to IFRS's 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28)*

Information on future accounting developments and their potential effect on the financial statements of the Group are disclosed in the 2018 Annual Report on pages 40 to 43.

The following standards have a material impact on the Group's financial statements in the period of initial adoption.

I. IFRS 9: Financial Instruments

IFRS 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard has replaced IAS 39 *Financial Instruments: Recognition and Measurement*.

The Group has assessed the impact of the adoption of IFRS 9 on the Group's consolidated financial statements. The new standard has required the Group to revise its accounting processes and internal controls related to reporting financial instruments.

As the Group currently does not apply hedge accounting for its foreign currency transactions, this component of IFRS 9 does not impact the consolidated financial statements unless the Group decides to implement hedge accounting in future reporting periods.

Note 1 - Significant Accounting Policies (cont'd)

Classification and Measurement changes upon application

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. There was no change to the carrying value of trade and other receivables as a result of this change.

All other financial assets and liabilities measurement categories under IAS 39 remain unchanged upon transition to the new measurement categories of IFRS 9. This also resulted in no impact to these categories carrying amounts upon transition.

Impairment (ECL):

IFRS 9 replaced the 'incurred cost' model with an 'expected credit loss' model. A simplified approach is available for trade receivables, contract assets and lease receivables, allowing or requiring the recognition of lifetime expected credit losses at all times.

The Group previously only recognised a credit loss when there was objective evidence that impairment had occurred. The new expected credit loss model requires estimates of 12-month or lifetime expected credit losses to be recognised upon initial recognition of the financial asset, and when there is a significant change in credit risk.

Based on the Group's assessment of historical provision rates and forward-looking analysis, the impact on adoption was an increase in the impairment provision of $645,000 recognised through opening retained earnings. An additional specifically identified expected credit loss provision of $203,000 was also recognised through opening retained earnings, as a result of the transition impacts from IFRS 15 *Revenue from Contracts with Customers* (see II (ii)).

	$000
Loss allowance for trade and other receivables balance as at 30 June 2018	324
Additional loss allowance for trade and other receivables	848
Loss allowance for trade receivables as at 1 July 2018 under IFRS 9	**1,172**

Note 1 - Significant Accounting Policies (cont'd)

Impact on Retained Earnings at Transition

The Group has taken the exemption to not restate comparative information for prior periods with respect to classification and measurement requirements (including impairment). Differences in carrying amounts of financial assets and liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 July 2018. Accordingly, the comparative information presented does not generally reflect the requirements of IFRS 9 but rather those of IAS 39. The impact of these changes on the Group's equity is as follows:

Table showing effect on retained earnings - allocations:

	$000
Retained earnings / (accumulated losses) balance as at 30 June 2018	(223,592)
Adjustments	(848)
Retained earnings / (accumulated losses) balance as at 1 July 2018 under IFRS 9	**(224,440)**

II. IFRS 15: Revenue from Contracts with Customers

IFRS 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The new standard replaced existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programs*.

The Group has adopted IFRS 15 using the Modified Retrospective (Cumulative Effect) approach. As a result, the Group has not restated its prior year comparatives. Instead, the cumulative impact of adopting IFRS 15 has been adjusted through opening retained earnings.

The Group has elected to use the practical expedient for contract modifications upon initial application of IFRS 15. This means that for contracts that were modified before the beginning of the earliest period presented in the consolidated financial statements, the Group will reflect the aggregate effect of all contract modifications when identifying separate performance obligations and determining and allocating the transaction price on transition.

Note 1 - Significant Accounting Policies (cont'd)

i. Sale of goods

The Group engages in the sale of spare parts and components for various rail, road, powertrain, gas compression and defence industry sectors. Under IAS 18 the Group recognised revenue from the sale of goods when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be reliably estimated, there was no continuing management involvement with the goods, and the amount of revenue could be reliably measured. Revenue was measured net of returns, trade discounts and volume rebates.

Under IFRS 15, revenue is now recognised when a customer obtains control of the goods. The Group did not identify any material impact to the recognition of revenue on the sale of goods domestically or internationally upon initial adoption of IFRS 15. However, changes to accounting processes have been required to ensure the recognition of revenue on the sale of goods domestically and internationally is accounted for accordance with IFRS 15 in future periods.

ii. Rendering of services

The Group performs a number of services to various industry sectors, including maintenance, repairs and overhauls. Under IAS 18 the Group recognised revenue from the rendering of these services with reference to the stage of completion of the transaction at the reporting date. The stage of completion was assessed based on surveys of work performed.

The Group identified one contract for the provision of consultancy services (a non-standard service) as having a material impact on the Group's consolidated financial statements arising from the adoption of IFRS 15. The new standard requires the revenue relating to satisfied performance obligations to be recognised, which resulted in an increase through opening retained earnings of $203,000. The Group has determined this amount to be at credit risk, and also raised the necessary expected credit loss provision through opening retained earnings (see I).

No other material impacts to the Group's consolidated financial statements were identified; however, improvements to internal controls and accounting procedures have been required to be implemented.

Note 1 - Significant Accounting Policies (cont'd)

iii. Rental income

The Group leases out its fleet of rollingstock and certain items of property, plant and equipment to customers. Under IAS 18 rental income was recognised as revenue 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.

Customer contracts which fall within the scope of IFRS 16: *Leases* are not within scope for IFRS 15. The Group's rental income will continue to be subject to the lessor accounting requirements under IFRS 16, and as there are limited changes enacted under the new leasing standard for lessors, the impact on the Group will be minimal.

iv. Construction contracts

The Group is involved in the manufacture of wagons, carriages, rail equipment and dry bulk tankers. Under IAS 11 contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be reliably measured. Revenue is then recognised in profit or loss with reference to the stage of completion on the contract, which is assessed based on surveys of work performed.

Under IFRS 15, claims and variations will be included in the contract accounting when they are approved. Revenue can only be recognised over time if it satisfies one of three criteria, otherwise revenue is to be recognised at a point in time. Of the customer contracts reviewed as part of the Group's assessment process, there were no material impacts identified on the Group's consolidated financial statements arising from the adoption of IFRS 15. However, improvements to internal controls and accounting procedures have been required.

v. RTO training

The Group's RTO entity (CERT Training) delivers nationally accredited and industry-based training courses. Under IAS 18, the revenue from these services was recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

There is no material impact on the current revenue accounting for training under IFRS 15, however slight changes in accounting has been required to ensure consistency across the Group.

Note 1 - Significant Accounting Policies (cont'd)

Impact on Retained Earnings at Transition

The following table summarises the impacts of adopting IFRS 15 on the Group's retained earnings.

Table showing effect on retained earnings - allocations:

	$000
Retained earnings / (accumulated losses) balance as previously reported at 30 June 2018	(223,592)
Adjustments	203
Retained earnings / (accumulated losses) balance as at 1 July 2018 under IFRS 15	**(223,389)**

Standards issued but not yet effective

III. IFRS 16: Leases

IFRS 16: *Leases* replaces the current AASB 117: *Leases* standard with a mandatory effective date for the Group of 1 July 2019.

The Group's assessment of the potential impact on its consolidated financial statements is still ongoing. The Group holds leasing arrangements as both a lessee and lessor. Whilst the changes to lessor accounting are minimal and are not expected to have a significant impact on the Group, the changes to lessee accounting are substantial and will have a significant impact on the Group's consolidated financial statements as well as policies and controls.

The key change under IFRS 16, and impact on the Group, is the requirement that operating leases be recognised on-balance sheet through the recognition of a Right-of-Use (ROU) Asset and Lease Liability. Lease expenditure is also no longer recognised as operating expenditure, but instead as depreciation and interest. This change directly impacts EBITDA (earnings before finance costs, income tax expense, and depreciation and amortisation), which is a key metric used by the Group.

As at the reporting date, the Group has non-cancellable operating lease commitments, mainly relating to the land and buildings the Group leases for the purposes of operating its various businesses. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16 and the Group will recognise the ROU Asset and the corresponding liability in respect of these leases unless they meet the exemption criteria as short-term leases or leases of low value assets. Furthermore, under IFRS 16, the Group will recognise the depreciation charge for ROU Asset and interest expense on lease liabilities.

Note 1 - Significant Accounting Policies (cont'd)

The Group plans to adopt IFRS 16 initially on 1 July 2019, using the modified retrospective approach with the cumulative effect of initially applying the Standard being recognised within opening retained earnings. When applying the modified retrospective approach to leases previously classified as operating leases under AASB 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

Other Accounting Standards

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

- IFRIC 23 *Uncertainty Over Income Tax Treatments*
- *Annual Improvements to IFRS's 2015-2017 Cycle – various standards*
- *Amendments to References to Conceptual Framework in IFRS Standards*
- *Long-term Interest in Associates and Joint Ventures (Amendments to* IAS 28*)*

Note 2 - Operating Segments

Segment Information

Identification of Reportable Segments

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

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

Types of Products and Services by Segment

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

(a) Drivetrain

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

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

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

Note 2 - Operating Segments (cont'd)

(c) Convair Engineering (Convair)

Convair is a manufacturer of dry bulk goods 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.

(d) Total Momentum

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

(e) 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.

(f) All Other

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

Note 2 - Operating Segments (cont'd)

Basis of Accounting for Purposes 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 the ownership and utilisation of the asset and the operations of the segment. 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 a 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.

Note 2 - Operating Segments (cont'd)

(i) Segment Performance

6 months ended 31 December 2018

Reportable Segments	Drivetrain $000	CERT Training $000	Convair $000	Total Momentum $000	Gemco Rail $000	All Other $000	Consolidated Group $000
REVENUE							
External revenue	**24,978**	**5,383**	**7,947**	**14,708**	**31,040**	**3,974**	**88,030**
Inter-segment revenue	**76**	**26**	**-**	**10**	**29**	**2,595**	**2,736**
TOTAL SEGMENT REVENUE	**25,054**	**5,409**	**7,947**	**14,718**	**31,069**	**6,569**	**90,766**
Reconciliation of segment revenue to Group revenue:							
Inter-segment elimination	**-**	**-**	**-**	**-**	**-**	**(2,736)**	**(2,736)**
TOTAL GROUP REVENUE	**25,054**	**5,409**	**7,947**	**14,718**	**31,069**	**3,833**	**88,030**
SEGMENT EBITDA	**3,305**	**750**	**757**	**2,064**	**5,238**	**(3,239)**	**8,875**
Reconciliation of segment EBITDA to Group net profit / (loss) before tax:							
Depreciation and amortisation	**(198)**	**(33)**	**(145)**	**(16)**	**(1,227)**	**(292)**	**(1,911)**
Finance costs	**(7)**	**(13)**	**(2)**	**-**	**(2)**	**(161)**	**(185)**
NET PROFIT / (LOSS) BEFORE TAX	**3,100**	**704**	**610**	**2,048**	**4,009**	**(3,692)**	**6,779**

Note 2 - Operating Segments (cont'd)

6 months ended 31 December 2017

Reportable Segments	Drivetrain $000	CERT Training $000	Convair $000	Total Momentum $000	Gemco Rail $000	All Other* $000	Consolidated Group $000
REVENUE							
External revenue	28,094	5,800	7,634	7,034	27,468	2,185	78,215
Inter-segment revenue	118	22	-	14	-	1,786	1,940
Interest revenue	-	-	-	-	-	12	12
TOTAL SEGMENT REVENUE	28,212	5,822	7,634	7,048	27,468	3,983	80,167
Reconciliation of segment revenue to Group revenue:							
Inter-segment elimination	-	-	-	-	-	(1,940)	(1,940)
TOTAL GROUP REVENUE	28,212	5,822	7,634	7,048	27,468	2,043	78,227
SEGMENT EBITDA	4,404	1,678	702	1,391	4,937	(3,391)	9,721
Reconciliation of segment EBITDA to Group net profit / (loss) before tax:							
Depreciation and amortisation	(195)	(33)	(129)	(33)	(1,094)	(340)	(1,824)
Finance costs	(10)	(20)	(3)	(1)	(2)	(215)	(251)
NET PROFIT / (LOSS) BEFORE TAX	4,199	1,625	570	1,357	3,841	(3,946)	7,646

* 2018 comparatives have been restated for the current year classification of continuing and discontinued operations, and of identifiable operating segments as non-reportable segments.

Note 2 - Operating Segments (cont'd)

(ii) Segment Assets

As at 31 December 2018

Reportable Segments	Drivetrain $000	CERT Training $000	Convair $000	Total Momentum $000	Gemco Rail $000	All Other $000	Consolidated Group $000
ASSETS							
Segment assets (excl. capital expenditure, investments and intangibles)	**37,505**	**9,612**	**16,596**	**6,665**	**35,491**	**(6,128)**	**99,741**
Capital expenditure	**33**	**113**	**204**	**-**	**1,128**	**155**	**1,633**
Intangibles	**-**	**-**	**-**	**-**	**-**	**248**	**248**
Reconciliation of segment assets to Group assets:							
Segment eliminations	**-**	**-**	**-**	**-**	**-**	**-**	**(5,665)**
Unallocated items:							
Deferred tax assets	**-**	**-**	**-**	**-**	**-**	**-**	**5,631**
TOTAL ASSETS	**37,538**	**9,725**	**16,800**	**6,665**	**36,619**	**(5,725)**	**101,588**

As at 30 June 2018

Reportable Segments	Drivetrain $000	CERT Training $000	Convair $000	Total Momentum $000	Gemco Rail $000	All Other* $000	Consolidated Group $000
ASSETS							
Segment assets (excl. capital expenditure, investments and intangibles)	35,239	11,747	16,459	8,248	32,364	(11,690)	92,367
Capital expenditure	261	57	1,200	101	1,393	561	3,573
Intangibles	-	-	-	-	-	248	248
Reconciliation of segment assets to Group assets:							
Segment eliminations	-	-	-	-	-	-	(4,911)
Unallocated items:							
Deferred tax assets	-	-	-	-	-	-	5,575
TOTAL ASSETS	35,500	11,804	17,659	8,349	33,757	(10,881)	96,852

* 2018 comparatives have been restated for the current year classification of continuing and discontinued operations, and of identifiable operating segments as non-reportable segments.

Note 2 - Operating Segments (cont'd)

(iii) Segment Liabilities

As at 31 December 2018

Reportable Segments	Drivetrain $000	CERT Training $000	Convair $000	Total Momentum $000	Gemco Rail $000	All Other $000	Consolidated Group $000
LIABILITIES							
Segment liabilities	**50,481**	**2,059**	**5,696**	**2,109**	**81,754**	**(112,031)**	**30,068**
Reconciliation of segment liabilities to Group liabilities:							
Segment eliminations	**-**	**-**	**-**	**-**	**-**	**-**	**(5,665)**
Unallocated Items:							
Deferred tax liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**735**
TOTAL LIABILITIES	**50,481**	**2,059**	**5,696**	**2,109**	**81,754**	**(112,031)**	**25,138**

As at 30 June 2018

Reportable Segments	Drivetrain $000	CERT Training $000	Convair $000	Total Momentum $000	Gemco Rail $000	All Other* $000	Consolidated Group $000
LIABILITIES							
Segment liabilities	57,291	1,172	5,320	1,598	79,514	(117,044)	27,851
Reconciliation of segment liabilities to Group liabilities:							
Segment eliminations	-	-	-	-	-	-	(4,911)
Unallocated Items:							
Deferred tax liabilities	-	-	-	-	-	-	694
TOTAL LIABILITIES	57,291	1,172	5,320	1,598	79,514	(117,044)	23,634

* 2018 comparatives have been restated for the current year classification of continuing and discontinued operations, and of identifiable operating segments as non-reportable segments.

Note 3 - Revenue from Contracts with Customers

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

Revenue Stream	Revenue Recognition	Consolidated Group 31 Dec 18 $000
Sale of Goods	Point in time	**26,506**
Rendering of Services	Over time	**27,049**
Construction Contracts	Over time	**27,922**
RTO Training	Point in time	**5,409**
Lease Rental Income	Over time	**1,144**
TOTAL REVENUE		**88,030**

Note 4 - Income Tax Expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim reporting period.

The Group's consolidated effective tax rate for the six months ended 31 December 2018 was 4.0% (for the six months ended 31 December 2017: 1.4%). The effective tax rate materially differs to actual tax rates due to no tax expense being recognised in respect to Australian subsidiaries (due to carry-forward tax losses being progressively utilised).

Note 5 - Earnings Per Share

	Consolidated Group 31 Dec 18 $000	Consolidated Group 31 Dec 17 $000
(a) Reconciliation of Earnings to Profit or Loss		
Profit / (loss) for the period	**6,510**	7,540
(Profit) / loss for the period, attributable to non-controlling interest	**-**	-
Earnings used to calculate basic EPS	**6,510**	7,540
Earnings used in the calculation of dilutive EPS	**6,510**	7,540
(b) Reconciliation of Earnings to Profit or Loss from Continuing Operations		
Profit / (loss) for the period from continuing operations	**6,510**	7,540
(Profit) / loss for the period, attributable to non-controlling equity interest in respect of continuing operations	**-**	-
Earnings used to calculate basic EPS from continuing operations	**6,510**	7,540
Earnings used in the calculation of dilutive EPS continuing operations	**6,510**	7,540
	No. '000	No. '000
(c) Weighted Average Number of Ordinary Shares Outstanding During the Half Year Used in Calculating Basic EPS	**313,381**	313,381
Weighted average number of options outstanding	**-**	-
Weighted average number of ordinary shares outstanding during the period used in calculating dilutive EPS	**313,381**	313,381

Note 6 - Assets Held for Sale

As at reporting date, management was committed to a plan to sell its wagon fleet owned by Gemco Rail Pty Ltd. As at 31 December 2018, part of the asset sale transaction was highly probable, and as such these wagon fleet assets are classified as held for sale. The assets held for sale are stated at the lower of the carrying amount and fair value less costs to sell and comprised of the following assets:

	$000
Property, Plant and Equipment	**2,372**
	2,372

Further developments occured subsequent to reporting date, and these have been disclosed as part of Note 9 - Events Subsequent to Reporting Date.

Note 7 - Contingent Liabilities

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

The Group has arranged for its bankers to guarantee its performance to third parties. The maximum amount of these guarantees at 31 December 2018 is $1,419,512 (June 2018: $1,419,512).

Other than the above, there has been no material change in contingent liabilities since the 2018 Annual Report.

Note 8 – Issued Capital

	Consolidated Group 31 Dec 18 $000	Consolidated Group 30 Jun 18 $000
313,380,943 (30 June 2018: 313,380,943) fully paid ordinary shares	**302,719**	302,719
	302,719	302,719

Ordinary Shares

For the six months ended 31 December	**31 Dec 18 No.**	31 Dec 17 No.
At beginning of reporting period	**313,380,943**	313,380,943
At reporting date	**313,380,943**	313,380,943

Note 9 - Events Subsequent to Reporting Date

On 22 January 2019, the Group entered into an asset sale agreement with a Tier-1 rail operator to sell its wagon fleet over a number of tranches. On 13 February 2019, the sale of Tranche 1 (wagon assets classified as held for sale as at reporting date) and Tranche 2 (wagon assets which became available for sale subsequent to the reporting date) of the asset sale agreement was completed for a combined consideration of $6,610,000. Subject to contract conditions being met, the balance of the wagon fleet will be sold in a further two tranches as they become available for sale over the next two years.

On 5 February 2019, the Group executed a variation deed to increase its bank guarantee facility limit with National Australia Bank from $2,000,000 to $6,000,000.

Other than the above, there has not arisen, in the interval between 31 December 2018 and the date of this report, any item, transaction or event which would have a material effect on the condensed consolidated interim financial statements of the Group at 31 December 2018.

Note 10 - Related Party Transactions

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

(a) Transactions with key management personnel

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:

Note 10 - Related Party Transactions (cont'd)

Related Party	Director	Revenue / (Cost) for the period ended 31 Dec 18 $	31 Dec 17 $	Receivable / (Payable) as at 31 Dec 18 $	30 Jun 18 $
Elph Pty Ltd[1]	V De Santis / D Elphinstone	**(91,135)**	(165,157)	**-**	-
Elphinstone Group (Aust) Pty Ltd [2]	V De Santis / D Elphinstone	**(222,131)**	(252,608)	**(46,695)**	(38,489)
William Adams Pty Ltd [3]	V De Santis / D Elphinstone	**(1,575)**	(135,999)	**-**	3,904
United Equipment Pty Ltd [4]	D Elphinstone	**(204,606)**	(151,190)	**(6,227)**	(37,799)
Southern Prospect Pty Ltd [5]	D Elphinstone	**36,227**	64,539	**3,234**	-
Elphinstone Pty Ltd [6]	D Elphinstone	**1,409,101**	1,915,012	**2,438**	20,531

[1] Line Fees were incurred and paid to Elph Pty Ltd in relation to the related party funding facility with the Group. Dale Elphinstone is a director and the Chairman of this entity. Vincent De Santis was also a director of Elph Pty Ltd during the period, resigning 21 December 2018.

[2] Director fees and travel expense reimbursements were paid to Elphinstone Group (Aust) Pty Ltd for the services of Dale Elphinstone (Non-Executive Director) and Vincent De Santis (Chairman). Legal service fees were also paid to Elphinstone Group (Aust) Pty Ltd during the period. Dale Elphinstone is Chairman of this entity. Vincent De Santis was also a director of Elphinstone Group (Aust) Pty Ltd during the period, resigning 21 December 2018.

[3] Goods were purchased from and sold to William Adams Pty Ltd during the period. Dale Elphinstone is the Chairman and a director. Vincent De Santis was also a director of this entity during the period, resigning 21 December 2018.

[4] Goods were purchased from and sold to United Equipment Pty Ltd during the period. Dale Elphinstone is a director of this entity.

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

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

DIRECTOR'S **DECLARATION**

In the opinion of the directors of Engenco Limited ("the Company"):

1. The condensed consolidated interim financial statements and notes, as set out on pages 8 to 34, are in accordance with the *Corporations Act 2001* including:

    a. Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the six-month period ended on that date; and

    b. Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Vincent De Santis
Chairman

Dated at Melbourne this 21st day of February 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

Independent Auditor's Review Report

To the shareholders of Engenco Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying Interim Financial Report of Engenco Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Engenco Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the Interim Period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The Interim Financial Report comprises:

- Consolidated statement of financial position as at 31 December 2018;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The Group comprises Engenco Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period).

The Interim Period is the 6 months ended on 31 December 2018.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001; and*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the interim period ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Engenco Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

KPMG

KPMG

Suzanne Bell
Partner

Melbourne
21 February 2019

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Board of Directors

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

Kevin Pallas
BCom, MAICD
Managing Director and CEO

Dale Elphinstone
FAICD
Non-Executive Director

Alison von Bibra
BSc, MBA
Independent Non-Executive Director

Ross Dunning AC
BE (Hons), BCom, FIEAust, FIRSE, REPQ
Independent Non-Executive Director

Company Secretary

Paul Burrows
BCom, CA, GAICD
Chief Financial Officer / Company Secretary

Andrew Nightingale
BCom, LLB
Company Secretary

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Image Courtesy of Momentum Rail

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