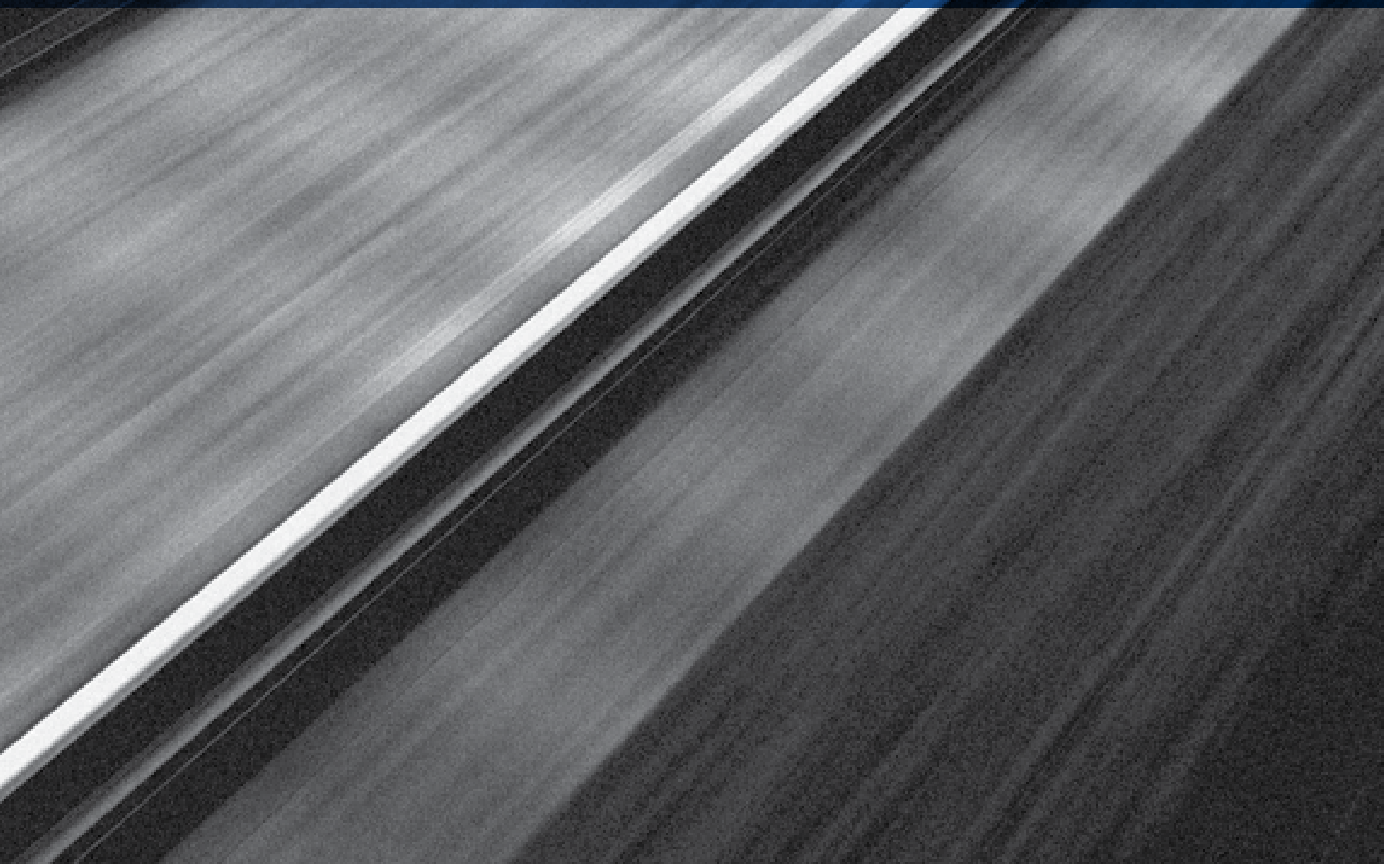
Engenco

ANNUAL REPORT

2011

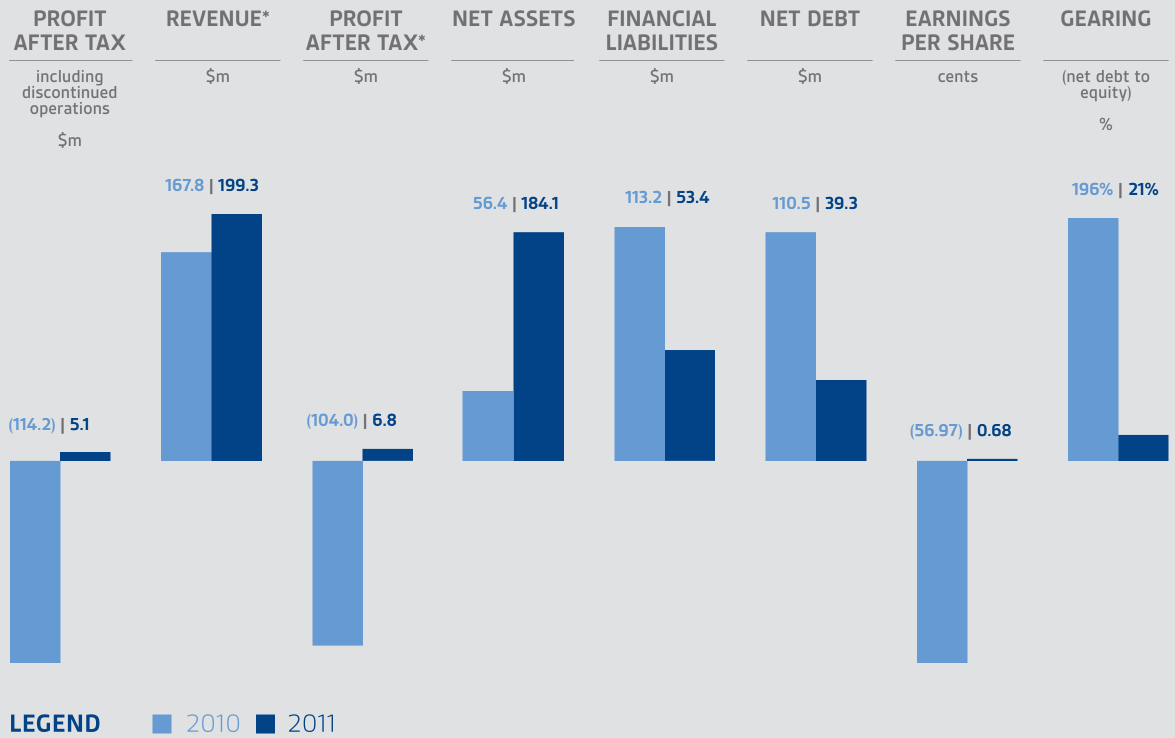
WE ARE AN ASX LISTED GROUP OF SUCCESSFUL INDUSTRIAL BUSINESSES BUILT ON SOLID ENGINEERING CAPABILITIES. OUR BUSINESSES OPERATE ACROSS AUSTRALIA, EUROPE, ASIA AND THE AMERICAS SERVICING COMPANIES IN THE RESOURCES, RAIL, TRANSPORT, DEFENCE, MARITIME AND POWER GENERATION INDUSTRIES.

OUR VISION: WE WILL BE A LEADING SUPPLIER OF TECHNICAL PRODUCTS AND SOLUTIONS TO THE TRANSPORT, RESOURCES AND DEFENCE MARKETS DELIVERING SUPERIOR VALUE AND RETURNS.



RESULTS SUMMARY

		2011	2010
KEY FINANCIALS			
Profit after tax including discontinued operations	$m	**5.1**	(114.2)
Revenue*	$m	**199.3**	167.8
Profit after tax*	$m	**6.8**	(104.0)
Total assets	$m	**273.4**	242.3
Net assets	$m	**184.1**	56.4
Financial liabilities	$m	**53.4**	113.2
Net debt	$m	**39.3**	110.5
Shareholders' equity	$m	**184.1**	56.4
KEY SHARE DATA			
Earnings per share	cents	**0.68**	(56.97)
Net tangible assets per share	cents	**10.80**	1.50
KEY RATIOS			
Return on shareholders' equity*	%	**3.7%**	(184.4%)
Gearing (net debt to equity)	%	**21%**	196%



*excludes results of discontinued operations in both years

PERFORMANCE HIGHLIGHTS

GROUP HIGHLIGHTS

- Net profit after tax of $5.1m; up from a $114.2m loss the previous year
- Net profit after tax attributable to ordinary members of $4.9m; up from a $113.7m loss in 2010
- First phase of business review and turnaround complete
- Strong cash position of $10.5m
- Comfortable headroom in bank facilities
- Strong prospects for growth

OPERATIONAL HIGHLIGHTS

- Capital raising: $85.2m was raised to fund the restructuring strategy, provide stable funding and assist in providing investment capital to previously locked growth opportunities.
- Divestment and exit of loss making operations: Sale of Coote Logistics and Eden Cryogenics LLC businesses and exit from miscellaneous activities removed distracting and loss making segments and allowed a focussed effort on core businesses. All continuing businesses are now profitable.
- Relocation of corporate headquarters: Establishment of Melbourne CBD corporate office to improve the efficiency of central accounting and corporate functions.
- Bank debt facilities: Funding secured for a further two years.

THE RETURN TO PROFITABILITY FOLLOWS AN AGGRESSIVE RESTRUCTURE OF THE BUSINESS OVER THE LAST YEAR.

THIS INCLUDED THE DIVESTMENT OF A NUMBER OF UNDERPERFORMING BUSINESSES, AN INTENSIVE CAPITAL AND EXPENSE MANAGEMENT PROCESS, AND THE APPOINTMENT OF A NEW MANAGEMENT TEAM.

CHAIRMAN'S REPORT

The Company operates in sectors of the economy which offer strong opportunities to grow its business operations over the next few years. Combined with ongoing improvements in the business, we expect further revenue growth in 2012 along with material improvement in profitability.

On behalf of the Board of Engenco Limited, I have great pleasure in presenting the Company's 2011 Annual Report. The last year has been a period of significant change and challenge as we have gone about the task of rebuilding the fortunes of the Company and converting the considerable potential that resides within the organisation into great outcomes.

RETURN TO PROFITABILITY AND A STRENGTHENED BALANCE SHEET

Some of the most pleasing aspects of the past year have been the return to profitability and closing the year with a substantially strengthened balance sheet following successful capital raisings in which a significant proportion of the funds raised was used to reduce bank debt and restore the Company's gearing to a more sustainable level.

CORPORATE GOVERNANCE

We have continued to develop the Company's corporate governance practices to ensure that the expectations of our shareholders and other stakeholders are positively satisfied. A key aspect of this is the strong level of engagement between the Board and management.

The appointment of Ross Dunning AC as an independent non executive director in November 2010 was a further positive development in enhancing the Board's skills set and capability.

STRATEGY

The Company benefited from the divestment of loss making businesses and underperforming assets combined with a renewed focus on the core strengths and competitive advantages of the business.

We will continue to refine the restructure of our operations into more clearly defined and compatible business streams so that we can take better advantage of opportunities as they arise and extract greater efficiencies through greater cooperation across the business. Some initial examples include group wide OH&S and procurement initiatives which will yield positive results.

Systems and process development including enterprise resource planning remains a key ingredient in managing the successful growth of the Company and requires further improvement. This will be aided considerably by the completion of the rollout of SAP which was restarted in the 2011 financial year.

The positive financial result reported in 2011 represents a strong achievement in the first year of what is a 3 – 5 year turnaround strategy. We expect ongoing and sustainable improvement over the remainder of this period. While much more needs to be done, many of the challenges ahead present some of the greatest opportunities for rewarding growth.

While the Company has entered the current financial year in far better shape than when it started the last year, we also now operate in an increasingly volatile and competitive environment in which we will need to continue to strive to improve our efficiency and competitiveness.

OUTLOOK

The Company operates in sectors of the economy which offer strong opportunities to grow its business operations over the next few years. Combined with ongoing improvements in the business, we expect further revenue growth in 2012 along with material improvement in profitability.

Such growth and improvement will also come from increasing our capacity to undertake further work more efficiently and through enhancing our existing product and service offerings. The utilisation of smart technology solutions will also be a key driver in the business.

The realisation of some opportunities may however be affected by the uncertainty created by the current volatile markets and the impact this may have on the business is

something of which we are conscious. While the pipeline of planned investment in resources and infrastructure projects in Australia is considerable, the impact of the timing of some of these projects can have an amplified effect on the Company where the expected revenues are relatively large and lumpy.

PEOPLE

An organisation can only achieve its objectives and goals through its people and while we are fortunate to be represented by a dedicated and capable team, we remain committed to continuing to develop our people and their skill base and to ensure they undertake their duties in a safe and fulfilling work environment. We are thankful that through our people's efforts, the considerable achievements of the Company over the past year have been made possible.

The loyalty demonstrated by our people is also found in many of our valued customers and suppliers to whom we extend our thanks for their past and ongoing support.

Importantly, we appreciate the ongoing support of our shareholders both long standing and those who have joined the register in more recent times. Please be assured of our ongoing commitment to deliver value to your investment and reward your faith in Engenco and its people.

Dale Brendon Elphinstone
Chairman

MANAGING DIRECTOR'S REPORT

Our strategy of refocusing the business on its core capabilities and strengths has already yielded significant results with the marked improvement in overall financial performance and the delivery of a net profit after tax of $4.9 million

OVERVIEW

Considerable progress has been made over the past year in the turnaround of the Company. Our strategy of refocusing the business on its core capabilities and strengths has already yielded significant results with the marked improvement in overall financial performance and the delivery of a net profit after tax of $4.9 million particularly pleasing. Disposals of underperforming assets and operations have also helped create a more focused approach towards the rest of the business.

The corporate headquarters were relocated from Perth to Melbourne to improve the efficiency of Group accounting and investor relations functions. The benefits of the relocation are already evident and will continue to accrue over the next year.

The change of name to Engenco Limited was another positive aspect of the operational and structural changes which took place during the year.

In support of our overall objectives and strategies, over the past year the Company took the opportunity to among other things:

1. Promote an environment in which the strategic business units are actively encouraged to take advantage of the capabilities and efficiencies that can result from being part of the broader Engenco Group. While this is still in the early stages, we expect there will be considerable ongoing benefits as working relationships across business streams continue to mature and develop.
2. Simplify the structure of the business into the two key segments of Power & Propulsion and Rail & Road.
3. Take a "group wide approach" towards safety which should see further improved safety performance and consistency in the standards applied. The Group OH&S platform development team will play a key role in driving this initiative.
4. Sharpen the focus on financial performance and the management of the Company's resources.
5. Reinstitute the critical task of improving the Company's management information systems to a level necessary to match the Company's growth aspirations.

The Company ended the year on the back of significantly improved performances across the Group and has a much more robust financial base from which to develop and pursue its strategies with even greater vigour over the next year and beyond.

FINANCIAL PERFORMANCE

During the past year, Engenco achieved revenues of $199.3 million - an increase of $31.5 million or 18.8% over the previous year. Net profit after tax attributable to ordinary members of $4.9 million represented a significant turnaround against the prior year result which was a $113.7 million loss.

When the effect of discontinued operations and one off adjustments are taken into consideration, the net profit after tax would have been $6.6 million.

The Company undertook two major capital raisings during the year with a significant portion of the sums raised applied towards debt retirement. Consequently, financial liabilities were reduced by $59.8 million from the previous year's closing balance of $113.2 million down to $53.4 million. This resulted in the Company's gearing falling to a much more sustainable level of 21%. (Previously this was 196%.)

Engenco ended the year with a strong cash balance and subsequent to the year end, it also finalised a new facility with its primary banker (Commonwealth Bank) for a two year term. Notwithstanding the vastly improved liquidity, ongoing vigilance will still be required to be exercised to ensure that working capital is optimised and cash resources are deployed in the most efficient manner.

OPERATIONS OVERVIEW

Drivetrain achieved an outstanding result with earnings growth more than doubling on that of the previous year coupled with a return to strong profitability. The mobile powertrain business stream benefitted from its exposure to the mining resources sector in both parts sales and MRO (maintenance, repair and overall) workflow. In addition to the strong demand for Hedemora diesel engine parts from defence customers, substantial progress was also made in expanding into the burgeoning natural gas industry. Expansion into the maintenance and support of gas power generation sets and compression packages compliments Drivetrain's core heavy engine through life support capabilities. The HS Turbo product offering continues to mature, sales and support capabilities grew during the year and the Sweden based test cell is now fully operational. Establishment of sales and service presences in North and South America have begun to bear fruit with interest from the retro-fit market showing great promise. Continued business integration and management system development initiatives have helped mature and rationalise management across Australian and international operations. The business is now fully operational on the Engenco SAP platform in all ANZ and Asian branches, with rollout to Europe and US sites planned in 2012.

Similarly, Gemco Rail went from a significant loss making position in the previous year to a return to profitability with revenue sales rising dramatically over the prior year. This much improved outcome resulted from re-focusing on core competencies and optimising the business to bring greater efficiencies and to better align with customer requirements and opportunities. This, along with eliminating poor margin activities contributed to the achievement of a base profit margin which can be built on in coming years. Increased demand in wheel shop, bearing shop and other maintenance related service areas resulted in the Forrestfield, WA facility operating close to current maximum capacity. Manufacture of 194 purpose built wagons for the IMX project as well as multiple niche manufacturing and refurbishment orders ensured good fabrication throughput, and efficiency improvements driven by the introduction of lean manufacturing methodologies. The IMX wagons will be leased to the customer for an initial five year period during which time Gemco will also undertake the ongoing maintenance under a separate maintenance arrangement. Initiatives to integrate Rail & Road segment businesses have resulted in a merged accounting and administration function servicing Gemco, Momentum, CERT and Greentrains from the Forrestfield site. This has rationalised the use of resources and captured associated efficiencies.

DRIVETRAIN ACHIEVED AN OUTSTANDING RESULT WITH EARNINGS GROWTH MORE THAN DOUBLING ON THAT OF THE PREVIOUS YEAR

While revenue gains at Momentum Rail over the course of the year were very good, major improvements in the management of labour and other costs drove particularly impressive growth in the profitability of the operation. The re-establishment of core capability in Victoria, together with established relationships with key industry alliance partners contributed to the successful result.

Like the rest of the ongoing business operations, CERT also produced higher profits over the prior year notwithstanding some setbacks suffered during the second half with the loss of staff in the West Australian market. The business unit is set to benefit over the next year from contract wins with leading rail infrastructure companies along with further expansion of its training capability along the eastern seaboard.

Convair posted major gains in both revenues and profitability. It maintained a strong pipeline of orders during the year and this trend has continued into the current year. Capital sales growth together with management of costs, improved efficiencies and innovative manufacturing techniques all provided the ingredients of what was an impressive return for the year.

Following the disposal of loss making operations including FCD Logistics, Eden Cryogenics and Claw Environmental, the remaining core business operations were, on an EBIT basis, all profitable basis for the year.

STRATEGY & OUTLOOK

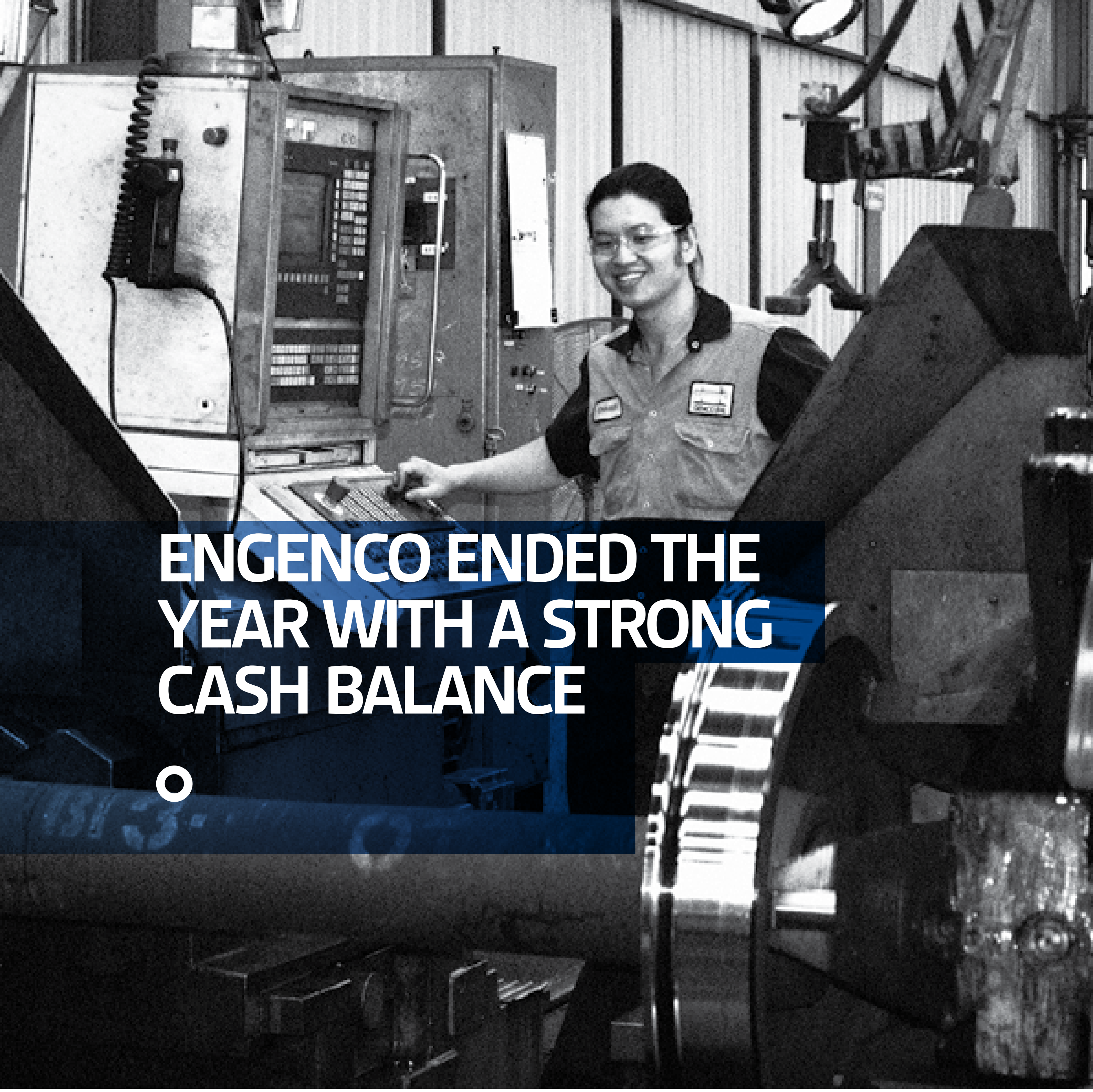
Continuing to build on Group capability and capacity in the right areas is expected to anchor sustainable performance and to offer further growth opportunities by levering off and further building on our deep-seated engineering expertise and established market positions. Our capabilities in niche manufacturing, capital asset maintenance and enhancement, and parts distribution strategically places Group businesses exceptionally well to capture through-life-support opportunities on installed bases of customer equipment. This is reinforced by having established long-term relationships with both supply and customer partners, as well as possessing physical presences in key locations.

Driving the growth opportunities offered by our sustainable strategic position will take the form of:

- Expanding capacity in existing sites as well as establishment of new key locations, especially to meet demand in the rail maintenance and turbocharger support sectors.
- Capturing market opportunities brought about by proprietary intellectual property particularly through the HS Turbo product suite.
- Developing the market potential of our unique skills and product offerings in the gas power and compression sector.
- Participating in major resource and infrastructure projects.

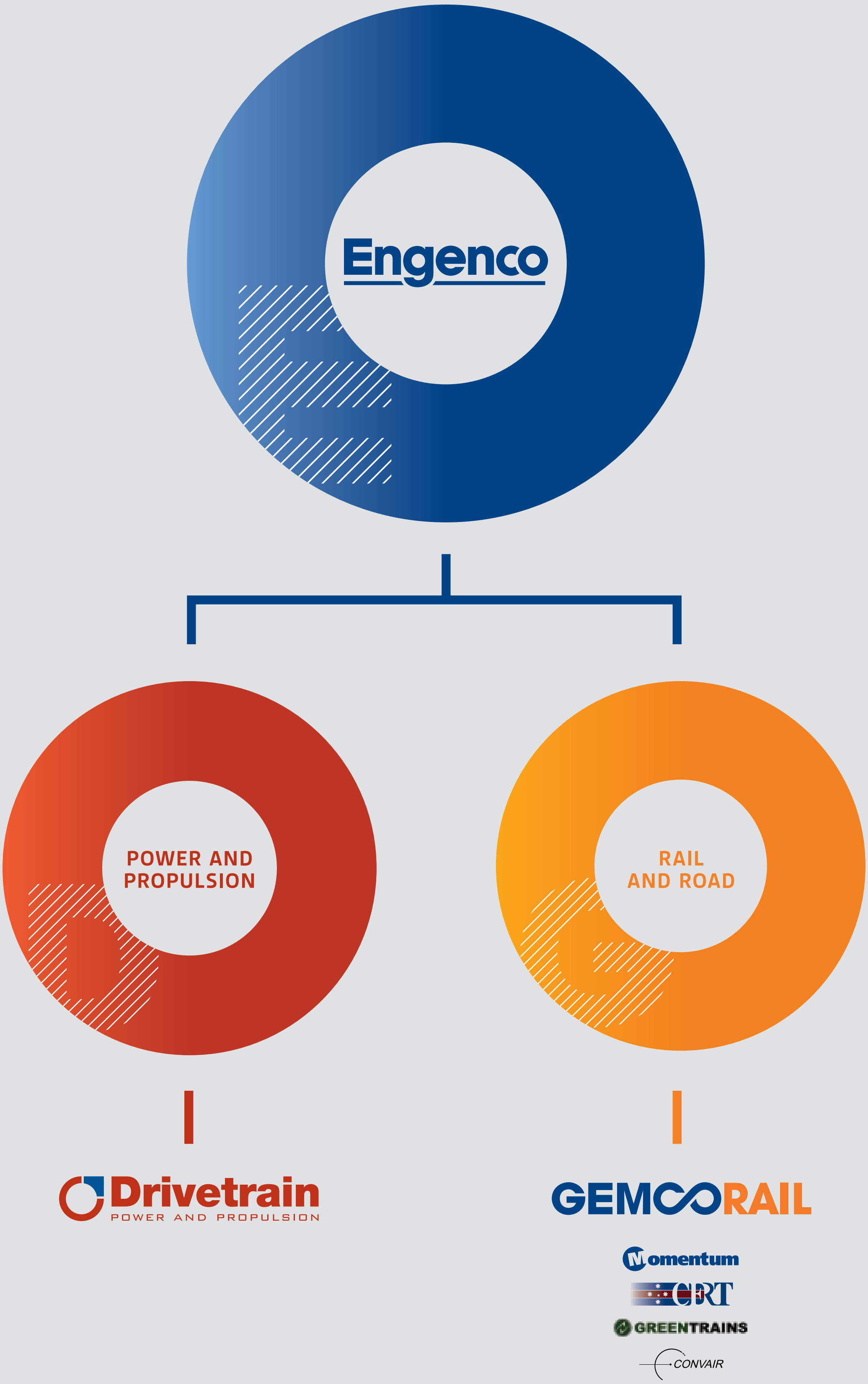
Further investment in the development of our people both from a technical and commercial perspective will underpin our future success. The valuable contribution of our staff to what is clearly a turnaround of the Company's fortunes is testament to their passion and dedication.

Vince De Santis
Managing Director



ENGENCO ENDED THE YEAR WITH A STRONG CASH BALANCE

OUR BUSINESSES



DRIVETRAIN POWER AND PROPULSION

Drivetrain's services span the complete engineering product lifecycle: design, application engineering, troubleshooting, supply and service, and through-life support programmes for heavy mobile powertrain systems, large frame turbochargers, heavy diesel and gas power generation and gas compression equipment.

Drivetrain is organised around the following business streams:

- Mobile Powertrain
- Turbo, Power and Compression

Services include:

- maintenance, repair, and overhaul
- design, installation and commissioning
- genuine component and spare parts distribution
- field service
- technical and engineering services in remote locations

Drivetrain has facilities and service centres in 15 locations including Australia, New Zealand, Singapore, Philippines, Sweden, USA and Brazil.

GEMCO RAIL

Gemco has been a wellknown supplier of quality products and services to the rail sector for many years. Building on this solid reputation and experience, the business specialises in the manufacture of rail equipment and providing fleet management services to national rail operators. Gemco provides wagon and locomotive scheduled and ad-hoc maintenance services and manufactures custom designed and engineered new and refurbished wagons, bogie component parts and associated rail equipment. The Company also supplies a broad range of rail track maintenance equipment and parts.

Services include:

- Manufacture and maintenance of freight wagons, other rollingstock and rail equipment
- Locomotive maintenance, repair and overhaul
- Fleet asset management
- Custom maintenance, modification, retrofit and upgrades
- Bogie, wagon and wheel refurbishment
- Field service crews
- Train inspections
- RailBAM acoustic analysis

The flagship facility in Forrestfield WA is complimented by a county-wide footprint including workshops in Midland WA; Altona and Dynon VIC; Islington SA; and Rocklea QLD.

MOMENTUM

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

Momentum specialises in all types of rail welding including the welding of heavy gauge crane rail at height and the operation of flash butt welding plant.

Momentum can plan, implement and manage safe working solutions for rail clients, from handsignallers and lookouts to highly experienced Principal Protection Officers.

Operating out of main branches in Forrestfield, Port Hedland, Thornton, Gunnedah, Norwood and Campbellfield – Momentum has focussed strategic presence to service the rail and resource sectors.

CENTRE FOR EXCELLENCE IN RAIL TRAINING (CERT)

CERT is a Registered Training Organisation (RTO) that provides responsive, flexible and innovative training, assessment and recertification services to the Australian rail industry. CERT delivers nationally accredited and industry based training programs on a regular basis, and provides customised courses to suit individual business needs.

The business has training centres in Perth, Sydney, Newcastle and Melbourne with the flexibility to train on-site anywhere in the country.

GREENTRAINS

Greentrains provides a range of locomotives and wagons for lease to the Australian rail industry, with the added benefit of a packaged maintenance solution provided by Gemco Rail.

CONVAIR

Convair designs and manufactures tankers for the transport 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 handling.

Convair are agents for Feldbinder Spezialfahrzeugwerke Gmbh of Germany, supplementing the range of products with aluminium dry bulk tankers and stainless steel liquid tankers.

With it's plant based in Melbourne, Convair services customers throughout Australia and in New Zealand.


UNIMIN
UNIMIN
UNIMIN

BOARD AND MANAGEMENT

A number of new board appointments were made, initially to re-form the board when Dale Elphinstone and Vince De Santis joined. Ross Dunning AC joined as an independent non-executive director bringing considerable rail industry experience to the board.

DALE ELPHINSTONE

Non-Executive Director (Chairman)

Mr Elphinstone is the Executive Chairman of the Elphinstone Group which he founded in 1975. Mr Elphinstone 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. 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. Mr Elphinstone is also a director of ASX listed National Hire Group Limited.

VINCE DE SANTIS

Managing Director (Interim)

Vince is the Managing Director of the Elphinstone Group which he joined in 2000 as the Group's Legal Counsel and Finance & Investment Manager. He is a director of various Elphinstone Group companies and the alternate director for Mr Elphinstone on the board of National Hire Group Limited. (He was also Mr Elphinstone's alternate on the board of Queensland Gas Company Limited). Immediately prior to joining the Elphinstone Group, Vince was a Senior Associate in the Energy Resources & Projects work group of national law firm Corrs Chambers Westgarth in Melbourne.

DONALD HECTOR

Non-Executive Director

Don has 17 years experience in senior executive management and CEO positions with industrial companies. He was Managing Director of Dow Corning Australia Pty Ltd, the Australian subsidiary of Dow Corning Corporation and was Managing Director of Asia Pacific Specialty Chemicals Ltd, an ASX-listed chemical company. Don is a non-executive Chairman of SEMF Pty Ltd, a multidisciplinary engineering consulting firm. He is also on the board of Engineering Sydney at the University of Sydney and is a Council member of one of Sydney's leading independent schools. Don served as Non-Executive Chairman of Engenco Limited until 21 July 2010.

ROSS DUNNING AC

Non-Executive Director

Ross has extensive exposure to the rail industry having served as the Commissioner for Railways in Queensland, President of the Australian Railways Association and Managing Director of Evans Deakin Industries Limited (the predecessor to the ASX listed company, Downer EDI Limited). Ross has been awarded the Companion of the Order of Australia and has held non-executive positions with a number of ASX listed companies including Toll Holdings Limited, Downer EDI Limited, Government owned corporations in Queensland and New South Wales and on unlisted public companies. Ross currently serves as a director of Queensland Energy Resources Limited, chairman of Port of Townsville Limited and is a member of The Council of St John's College within the University of Queensland.

GARY JEAN

Interim - Company Secretary/Chief Financial Officer

Joined Engenco Limited in May 2011. Has 25 years' experience in accounting and finance roles in the rail and resource sectors. Has worked with Rio Tinto Limited and recently as Chief Financial Officer of MainCo Melbourne Pty Ltd, a subsidiary of ASX listed company, UGL Limited.

KEVIN PALLAS

Chief Operating Officer

Senior management and leadership experience through 21 years in engineering, metals and manufacturing industries. Consulted in the areas of financial and cost accounting systems and commercial management for a number of multinationals including Philips and Daimler Chrysler prior to joining Coote Industrial in 2007.

GLENN PARRETT

Drivetrain Power and Propulsion – Chief Executive Officer

More than 17 years experience delivering against total business plan responsibility, including as General Manager and Managing Director of engineering sales and service businesses. Extensive experience in application engineering, technical sales, project and business management in the power and propulsion segment.

WAYNE MANNERS

Gemco Rail – Chief Executive Officer

Gemco CEO since October 2009. Previous to that was CEO Fleetwood Pty Ltd 2006-2009. Formerly General Manager WA Emoleum Road Service, state advisory board member Starlight Children's Foundation and Director Australasian Asphalt and Paving Association.

GROWTH STRATEGY

- Expanding capacity in existing sites as well as establishment of new key locations, especially to meet demand in the rail maintenance and turbocharger support sectors.
- Capturing market opportunities brought about by proprietary intellectual property particularly through the HS Turbo product suite.
- Developing the market potential of our unique skills and product offerings in the gas power and compression sector.
- Participating in major resource and infrastructure projects.

FINANCIAL STATEMENTS AND OTHER REPORTS

CORPORATE GOVERNANCE STATEMENT

Engenco Limited ("Company") and the Board are committed to achieving compliance with all the best practice recommendations released by the Australian Securities Exchange Corporate Governance Council. This statement outlines the main corporate governance practices in place throughout the financial year, with specific references made to any departures from the best practice recommendations.

ROLE OF THE BOARD

The role of the Board is to protect and promote the interests of the Company and to represent its shareholders whilst considering the interests of other stakeholders including employees, customers, suppliers, wider communities and the environment. It does this according to the principles of good corporate governance intending to fulfil the Company's responsibilities as a corporate citizen.

The Board operates under a Board Charter; which describes the processes used by the Board to:

- appoint and review the performance of the Managing Director/CEO;
- approve key strategic decisions including, but not limited to, acquisitions and divestments;
- approve annual revenue, operating expenditure, and capital budgets;
- approve significant changes in organisational structure;
- determine and approve the remuneration of the Managing Director/CEO;
- approve the remuneration of executive management, and
- formally adopt any communication to regulators and shareholders as may be required by the Company constitution, statute, or other regulation.

The Board may change by resolution any power reserved to itself.

EXECUTIVE DELEGATION

Other than those matters reserved by the Board to itself, the Board delegates to the Managing Director/CEO all authority to achieve the Company's objectives consistent with this Governance Charter, the Company constitution, statute or other regulation.

The Managing Director/CEO prepares a one year operational and financial plan for approval by the Board.

BOARD STRUCTURE

The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report and their term of office are detailed in the Directors' Report in this Annual Report.

The names of the independent directors of the Company are:

D Hector, R Dunning

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- less than 10% of company shares are held by the director or any other entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the directors', and
- none of the directors' income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

The Board reviews the independence of its directors in light of the information provided to it.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the Board prior to incurring any expense on behalf of the Company.

MEETINGS OF THE BOARD

The Board meets on a regular pre-determined basis or more frequently as required. On the invitation of the Board, members of senior management attend and make presentations at Board meetings. In addition to the formal meetings the Board regularly meets to consider important issues affecting the Company.

The number of meetings held and attended by each of the directors for the financial year ended 30 June 2011 is set out in the Directors' Report.

BOARD MEMBERSHIP

Appointment

Board members are nominated by the Board and their appointment confirmed by a vote of shareholders. The Board will have a minimum of one non-executive director who will be free of material relationships with the Company and who would be reasonably considered by shareholders to be independent.

The expectation of directors is that they will be of unquestioned integrity and honesty; will understand and behave to the highest standards of corporate governance and will be prepared to question, challenge, and criticise matters of strategy.

Directors will be appointed according to the contribution they can make in meeting strategic skill requirements of the Company. Remuneration of directors will be transparent and reported in its entirety to shareholders.

Directors are expected to continue to develop their skills through ongoing education and training.

Retirement and Re-election

The constitution of the Company requires one third of the directors, other than the Managing Director, to retire from office at each annual general meeting. Directors who have been appointed by the Board are required to retire from office at the next following annual general meeting and are not taken into account in determining the number of directors to retire at that annual general meeting.

Directors cannot hold office for a period in excess of three years beyond the third annual general meeting following their appointment without submitting themselves for re-election. Retiring directors are eligible for re-election by shareholders.

Board Access to Information and Independent Advice

All directors have unrestricted access to employees of the group and, subject to the law, access to all company records and information held by group employees and external advisors. Each director may obtain independent professional advice to assist the director in the proper exercise of powers and discharge of duties as a director or as a member of a Board Committee. In such cases, the Chairman and Company Secretary must be advised and a copy of the advice made available to all directors.

Conflicts of Interest

Directors are required to notify the Board of any real or perceived conflicts of interest that may occur from time to time. The Board has adopted the use of formal standing notices in which they disclose any material personal interests they have and the relationship with the affairs of the Company. Directors are required to provide an updated notice if they acquire any new material personal interests or if there is any change to the nature and extent of their previously disclosed interest.

Performance Evaluation

To date a formal assessment of Board performance has not taken place.

REWARD AND REMUNERATION

Reward and remuneration of directors and executives will be objectively linked to obtaining the Company objectives and consistent with the financial performance of the Company.

There will be transparency to shareholders regarding reward and remuneration of board members and senior executive management.

There are currently no schemes for retirement benefits other than statutory superannuation.

COMMITTEES

Currently the Board of Engenco Limited has formed a separate Audit Committee to assist it in exercising its responsibilities. Given the size and stage of development of the Company the Board has not formed a Nomination or Remuneration Committee which is a departure from ASX Best Practice Recommendation 2.4 and 8.2.

The Audit Committee monitors internal control policies and procedures designed to safeguard company assets and to maintain the integrity of financial reporting. The specific responsibilities set out in its charter include:

- in conjunction with the internal and external auditors, assure the integrity of financial statements;
- recommend to the Board the appointment of and review the performance of the external auditor;
- determine the remuneration of the external auditor;
- oversee the integrity of the internal and external audit process, and
- ensure there is a process to identify the likelihood and impact of financial risk and that this process is actively managed.

Audit Committee

The members of the Audit Committee at the date of this report are:

D Hector

R Dunning

Senior staff and any other persons considered appropriate, attend meetings of the Audit Committee by invitation. Details of the number of meetings held and attended by the members of the Audit Committee can be found in the Directors' Report. The Board has established a Terms of Reference to guide the activities of the committee. The current composition of the audit committee does not meet ASX Best Practice Recommendation 4.3 however the Board believes that this is the most effective structure for the Audit Committee given the structure of the Board itself.

FINANCIAL REPORTING

Consistent with ASX Best Practice Recommendation 4.1, and in accordance with section 295A of the Corporations Act 2001, the Company's financial report preparation and approval process for the year ended 30 June 2011, involved both the Chief Executive Officer and Chief Financial Officer providing a written statement to the Board that, in their opinion:

- the Company's financial report presents a true and fair view of the Company's financial condition and operating results and is in accordance with applicable accounting standards, and
- the Company's financial records for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001.

AUDIT GOVERNANCE AND INDEPENDENCE

External Auditors

Bentleys are the Company's current external auditors. The performance of the external auditor is reviewed annually by the Audit Committee. Bentleys were appointed as the external auditor in 2006. It is currently the Company's policy that no non-audit services are provided by the external auditor to ensure independence is maintained. It is Bentley's policy to rotate audit engagement partners on listed companies at least every five years.

Independence Declaration

The Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004 ("CLERP 9") amendments to the Corporations Act 2001 require external auditors to make an annual independence declaration, addressed to the Board, declaring that the auditors have maintained their independence in accordance with CLERP 9 amendments and the rules of the professional accounting bodies.

Bentleys have provided such a declaration to the Audit Committee for the financial year ended 30 June 2011.

Attendance of External Auditors at Annual General Meetings

In accordance with ASX Best Practice Recommendation 6.2 and the Corporations Act 2001, the Company requires that Bentleys attend the Company's annual general meeting and are available to answer questions about the conduct of the audit and the preparation and content of the audit report. Shareholders are asked to submit written questions to the Company Secretary at least 5 days prior to the annual general meeting.

RISK IDENTIFICATION AND MANAGEMENT

The Company is in the process of implementing policies regarding risk identification and management which are consistent with Principle 7 of the ASX Corporate Governance Principles and Recommendations.

SHARE TRADING POLICY

The Company's Share Trading Policy objective among other things is to minimise the risk of insider trading in the Company's securities and in furtherance of the Company's commitment to the adoption of good corporate governance principles. The policy prohibits all employees, officers and directors of the Company from trading in the Company's securities if they are in possession of "inside information". Short term or speculative dealing in the Company's securities by employees, officers and directors is also not permitted. Employees, officers and directors must not trade in the Company's securities during closed periods. Trading is generally permitted at other times provided there is no contravention of the insider trading laws. The policy also restricts hedging and margin loan activities for employees, officers and directors. The Company's Share Trading Policy is published on the Company's intranet.

CONTINUOUS DISCLOSURE

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the Australian Securities Exchange's securities market. The Company Secretary has responsibility for overseeing and co-ordinating the disclosure. Any disclosures are discussed with the Board and appropriate action is taken.

COMMUNICATIONS WITH SHAREHOLDERS

The Board is committed to completely discharge its obligation to represent the interests of shareholders.

The Board will ensure that information is regularly communicated to shareholders, in particular, paying regard to the continuous disclosure requirements of the ASX. The Board welcomes shareholder participation at the Company's annual general meeting. Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of the annual and interim financial statements. Shareholders are encouraged to attend and participate in the annual general meeting, to lodge questions to be responded by the Board, and are able to appoint proxies.

DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Group, being the Company and its controlled entities for the financial year ended 30 June 2011.

PRINCIPAL ACTIVITIES

The Company delivers a diverse range of engineering services and products through two business streams: Power and Propulsion; and Rail and Road. Engenco businesses specialise in:

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

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

Engenco employs around 700 people operating from more than twenty locations in seven countries.

OPERATING RESULTS, REVIEW OF OPERATIONS FOR THE YEAR AND SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Operating Results

The Company recorded a net profit after tax (NPAT) including non-controlling interests of $5.1 million for the year ended 30 June 2011. Key contributors to this profit are recorded in the following table.

	2011 $'000	2010 $'000
Revenue *	**207.4**	227.7
EBITDA*	**27.6**	(86.2)
EBIT*	**17.7**	(99.9)
NPAT attributable to members (including discontinued operations and one-off adjustments)	**4.9**	(113.7)
NPAT attributable to members (excluding discontinued operations and one-off adjustments)	**6.6**	(21.2)
Net operating cash flow	**(25.6)**	40.6
Net assets**	**184.1**	56.4
Net debt	**39.3**	110.5

* Includes discontinued operations.

** Net assets increased as a result of the capital raisings completed in July 2010 for $42.6 million and in March 2011 for $85.2 million.

Financial Position

The following table summarises the key elements of the NPAT result adjusting for one-offs and discontinued operations.

	2011 $'000	2010 $'000
NPAT attributable to members (including discontinued operations and one-off adjustments)	**4.9**	(113.7)
Adjusted for the discontinued operations and one-off adjustments:		
Net loss after tax - FCD Logistics Pty Ltd	**0.3**	3.2
Net loss after tax – Eden Cryogenics LLC	**1.4**	1.2
Net loss after tax – Claw Environmental	-	1.1
Net loss after tax - South Spur Rail Services Pty Ltd	-	10.2
Prior year foreign income tax expense correction	-	(2.7)
Impairment of goodwill	-	44.2
Impairment of property, plant and equipment	-	11.5
Inventory write-down	-	12.6
Obsolete stock write-off	-	5.2
Loss on sale of POTA locomotives	-	6.0
NPAT attributable to members (excluding discontinued operations and one-off adjustments)	**6.6**	(21.2)

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

- Two capital raisings – a non-renounceable rights issue raising $42.6 million (gross) completed in July 2010, and placements to institutional and sophisticated investors together with a non-renounceable rights issue raising $85.2 million (gross) completed in March 2011.
- The refinancing of Engenco's CBA banking facilities was completed 1 August 2011 resulting in the Group renewing its existing finance facilities until 31 July 2013.
- The sale of loss-making business FCD Logistics Pty Ltd in January 2011 and Eden Cryogenics LLC in February 2011.
- Group borrowings significantly reduced with net debt of $39.3 million as at 30 June 2011, compared with $110.5 million as at 30 June 2010.

DIVIDENDS

The Directors have decided not to declare a final dividend.

AFTER BALANCE DATE EVENTS

A number of after balance date events have occurred since 30 June 2011. Further details can be found on Note 29 – Events Subsequent to Reporting Date.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Details of the Company's future developments, prospects and business strategies are included in the Managing Director's Report.

ENVIRONMENTAL ISSUES

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

The Group uses practices that minimise adverse environmental impacts and provides appropriate feedback on the Group's environmental performance to ensure compliance.

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

National Greenhouse and Energy Reporting Guidelines

The Group's environmental obligations are regulated under both Federal and State law. Engenco is subject to the conditions imposed by the registration and reporting requirements of the National Greenhouse and Energy Reporting Act 2007, and is registered with the Greenhouse and Energy Data Office.

INFORMATION ON DIRECTORS

The following persons were the directors in office during the period 1 July 2010 to 30 June 2011 or in office as at the date of this report:

Dale Elphinstone

Non-Executive Director (Chairman)
FAICD

Appointed:	19 July 2010
Age:	60
Directorships held in other listed entities in the past three years:	Non-executive Director, Queensland Gas Company Limited, 2002-2008 Non-executive Director, National Hire Group Limited, 2008 - present
Summary of current equity holdings:	450,000,000 ordinary shares

Mr Elphinstone is the Executive Chairman of the Elphinstone Group which he founded in 1975. Mr Elphinstone 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. 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. Mr Elphinstone is also a director of ASX listed National Hire Group Limited.

Vincent De Santis

Managing Director (Interim)
B.Com LLB (Hons)

Appointed:	19 July 2010
Age:	42
Special Responsibilities:	Member of Audit Committee (ceased November 2010)
Directorships held in other listed entities in the past three years:	Alternate Director, Queensland Gas Company Limited, 2002 – 2008 Alternate Director, National Hire Group Limited, 2008 - present
Summary of current equity holdings:	1,200,000 ordinary shares

Vince is the Managing Director of the Elphinstone Group which he joined in 2000 as the Group's Legal Counsel and Finance & Investment Manager. He is a director of various Elphinstone Group companies and the alternate director for Mr Elphinstone on the board of National Hire Group Limited. (He was also Mr Elphinstone's alternate on the board of Queensland Gas Company Limited). Immediately prior to joining the Elphinstone Group, Vince was a Senior Associate in the Energy Resources & Projects work group of national law firm Corrs Chambers Westgarth in Melbourne.

Donald Hector

Non-Executive Director
BE (Chem), PhD, FAICD, FIEAust, FIChemE

Appointed:	2 November 2006
Age:	61
Special Responsibilities:	Chairman of Audit Committee
Directorships held in other listed entities in the past three years:	None
Summary of current equity holdings:	236,647 ordinary shares

Don has 17 years experience in senior executive management and CEO positions with industrial companies. He was Managing Director of Dow Corning Australia Pty Ltd, the Australian subsidiary of Dow Corning Corporation and was Managing Director of Asia Pacific Specialty Chemicals Ltd, an ASX-listed chemical company. Don is a non-executive Chairman of SEMF Pty Ltd, a multidisciplinary engineering consulting firm. He is also on the board of Engineering Sydney at the University of Sydney and is a Council member of one of Sydney's leading independent schools. Don served as Non-Executive Chairman of Engenco Limited until 21 July 2010.

Ross Dunning AC

Non-Executive Director
BE (Hons), B.Com, FCILT, FAIM, FIE Aust, FIRSE, MAICD

Appointed:	8 November 2010
Age:	69
Special Responsibilities:	Member of Audit Committee
Directorships held in other listed entities in the past three years:	Nil
Summary of current equity holdings:	200,000 ordinary shares

Ross has extensive exposure to the rail industry having served as the Commissioner for Railways in Queensland, President of the Australian Railways Association and Managing Director of Evans Deakin Industries Limited (the predecessor to the ASX listed company, Downer EDI Limited). Ross has been awarded the Companion of the Order of Australia and has held non-executive positions with a number of ASX listed companies including Toll Holdings Limited, Downer EDI Limited, Government owned corporations in Queensland and New South Wales and on unlisted public companies. Ross currently serves as a director of Queensland Energy Resources Limited, chairman of Port of Townsville Limited and is a member of The Council of St John's College within the University of Queensland.

Directors for part of the Financial Year

Michael Coote

Managing Director (resigned 22 July 2010)
BE (Mech), MAICD

Appointed:	28 June 2006
Age:	47
Special Responsibilities:	N/A
Directorships held in other listed entities in the past three years:	Previously non-executive director, Natural Fuels Ltd
Summary of current equity holdings:	61,494 ordinary shares

Don Patterson

Director and Chief Executive Officer
(resigned 22 July 2010)
BBus, MAICD

Appointed:	28 June 2006
Age:	52
Special Responsibilities:	N/A
Directorships held in other listed entities in the past three years:	Nil
Summary of current equity holdings:	Nil

COMPANY SECRETARY

Gary Jean

Interim - Company Secretary/Chief Financial Officer
BBus, CA, MBA

Directorships held in other listed entities in the past three years:	Nil
Summary of current equity holdings:	Nil
Appointed:	6 May 2011
Age:	51

Gary joined Engenco Limited in May 2011, following 25 years' experience in accounting and finance roles in the rail and resource sectors. Gary has worked with Rio Tinto Limited in both Melbourne and Indonesia with his most recent role from within the rail industry as Chief Financial Officer of MainCo Melbourne Pty Ltd, a subsidiary of ASX listed company, UGL Limited.

Changes in Directors and Executives Subsequent to Year End

There have been no changes in directors and executives subsequent to year end.

MEETINGS OF DIRECTORS

During the financial year, 15 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee Meetings	
	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended
Dale Elphinstone	13	12	-	-
Vincent De Santis	13	13	1	1
Don Hector	13	13	2	2
Ross Dunning	7	7	1	1
Michael Coote	1	1	-	-
Don Patterson	1	1	-	-

INDEMNIFYING OFFICERS

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

D Elphinstone, V De Santis, D Hector, R Dunning

OPTIONS

At the date of this report, the unissued ordinary shares of Engenco under option are as follows:

Grant Date	Date of Expiry	Exercise Price $	No. Under Option
29 Feb 08	29 Feb 12	3.50	1,000,000
29 Feb 08	29 Aug 12	4.00	1,000,000
			2,000,000

During the year ended 30 June 2011, no ordinary shares of Engenco were issued on the exercise of options granted.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

There were no non-audit services provided by the Company's external auditor.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 33 of the Directors' Report.

ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

REMUNERATION REPORT

Remuneration Policy

This report details the nature and amount of remuneration for each director of Engenco, and other key executives (including the most highly remunerated executives) who have strategic commercial impact upon Engenco's activities.

The remuneration policy of Engenco is intended to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific incentives based on key performance areas affecting the Consolidated Group's financial results. The Board of Engenco believes the approach to remunerating to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Consolidated Group.

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

- All executive directors and key executives receive a salary package comprised of a base salary, superannuation, and fringe benefits. In future, it is intended that packages will also include equity-based incentives.
- The Board will review executive packages annually by reference to the Consolidated Group's performance, executive performance and comparable information from industry sectors.
- The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Consolidated Group's profits, which are aligned with shareholder value. The developing remuneration policy will be designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.
- The executive directors and other key executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.
- All remuneration paid to directors and executives is valued at cost to the Company and expensed. Shares granted to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Bi-nominal option valuation methodology.
- 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 at the Annual General Meeting.
- To align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Performance Conditions Linked to Remuneration

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis.

Some of the key businesses emphasise payment for results by providing various cash bonus reward schemes based on internal KPIs of both financial and non-financial targets. The objective of the reward scheme is to both reinforce the short and long-term goals of the key business and to provide a common interest between all staff. The basis of the bonus scheme is being developed across all entities of the Consolidated Group; it may be displaced or complimented by an employee equity incentive plan.

The employment conditions of 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.

Relationship between Remuneration Policy and Company Performances

There has been no relationship between previous Company performance and the previous remuneration of key management personnel. Current remuneration policies are under review.

The following table shows the gross revenue, profits and dividends for the last 5 years for Engenco, as well as the share prices at the end of the respective financial years.

	2007 $000	2008 $000	2009 $000	2010 $000	2011 $000
Revenue (including discontinued operations)	68,949	346,311	317,187	224,331	**207,352**
NPAT attributable to members *	8,174	22,012	(4,541)	(113,712)	**4,905**
Share price at year end	$1.90	$0.75	$0.20	$0.15	**$0.09**
Dividends paid	2.95c	5.00c	-	-	**-**

* including discontinued operations and one-off adjustments.

Remuneration Details for Year Ended 30 June 2011

The board determines the proportion of fixed and variable compensation for key management personnel - refer to table below:

		Short-Term Benefits			Post-Employment Benefits		
		Cash, Salary & Commissions	Non-Monetary Benefits	Profit Share and Bonuses	Super-annuation	Termination Benefits	Total
		$	$	$	$	$	$
EXECUTIVE DIRECTORS							
Vincent De Santis: app 19 July 2010	2011	*	-	-	-	-	*
Managing Director	2010	-	-	-	-	-	-
Mike Coote: resigned 22 July 2010	2011	36,538	-	-	4,264	367,308	408,110
Managing Director	2010	475,000	-	-	50,000	-	525,000
Don Patterson: resigned 22 July 2010	2011	38,461	19,548	-	3,462	250,074	311,545
Chief Executive Officer	2010	458,173	25,835	-	41,236	-	525,244
SUB – TOTAL	2011	74,999	19,548	-	7,726	617,382	719,655
	2010	933,173	25,835	-	91,236	-	1,050,244
NON EXECUTIVE DIRECTORS							
Dale Elphinstone: app 19 July 2010	2011	165,083	-	-	-	-	165,083
Chairman	2010	-	-	-	-	-	-
Ross Dunning	2011	47,961	-	-	4,912	-	52,873
	2010	-	-	-	-	-	-
Don Hector	2011	101,818	-	-	-	-	101,818
	2010	127,530	-	-	-	-	127,530
SUB – TOTAL	2011	314,862	-	-	4,912	-	319,774
	2010	127,530	-	-	-	-	127,530
OTHER KEY MANAGEMENT							
K Pallas	2011	212,660	-	-	17,339	-	229,999
Chief Operating Officer	2010	185,427	-	-	16,688	-	202,115
G Jean: app 6 May 2011	2011	32,800	-	-	2,952	-	35,752
CFO / Company Secretary	2010	-	-	-	-	-	-
R Stampalia: resigned 6 May 2011	2011	204,652	4,289	-	17,864	-	226,805
CFO /Company Secretary	2010	121,600	11,086	-	11,909	-	144,595
M Darwish: resigned 5 Oct 09	2011	-	-	-	-	-	-
CFO /Company Secretary	2010	44,491	-	-	2,919	-	47,410
W Manners	2011	394,312	-	-	29,164	-	423,476
CEO – Gemco Rail	2010	232,521	-	-	20,926	-	253,447
G Parrett	2011	367,776	49,015	-	33,100	-	449,891
CEO – Drivetrain	2010	339,592	31,338	-	30,797	-	401,727
P Swann	2011	135,975	37,141	-	13,019	-	186,135
General Manager – Convair	2010	135,975	47,615	-	21,698	-	205,288
SUB – TOTAL	2011	1,348,175	90,445	-	113,438	-	1,552,058
	2010	1,059,606	90,039	-	104,937	-	1,254,582
TOTAL	2011	1,738,036	109,993	-	126,076	617,382	2,591,487
	2010	2,120,309	115,874	-	196,173	-	2,432,356

There have been no amounts paid in relation to other short-term, other post-employment or long-term benefits, equity-settled or cash-settled share-based payments during the current or prior year.

* For details on payments for the services of Vincent De Santis refer to Note 30 – Related Parties.

Options and Rights Granted

In the 2010 and 2011 financial years no Executive Directors, Non-Executive Directors or Key Management Personnel have any options or rights granted.

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

Vincent De Santis
Managing Director

Dated this 29th Day of September 2011

DIRECTORS' DECLARATION

The directors of the Company declare that:

(a) the financial statements and notes, as set out in pages 36 to 97 are in accordance with the Corporations Act 2001 and:

  i comply with Accounting Standards and the Corporations Regulations 2001;

  ii are in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board; and

  iii give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date;

(b) the Managing Director (acting in the capacity of Chief Executive Officer) and Chief Financial Officer have each declared that:

  i the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

  ii the financial statements and notes for the financial year comply with Accounting Standards; and

  iii the financial statements and notes for the financial year give a true and fair view; and

(c) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Vincent De Santis
Managing Director

Dated this 29th Day of September 2011

AUDITOR'S INDEPENDENCE DECLARATION

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
West Perth WA 6005
Australia
PO Box 44
West Perth WA 6872
Australia
ABN 33 121 222 802
T +61 8 9226 4500
F +61 8 9226 4300
bentleys.com.au

To The Board of Directors

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

This declaration is made in connection with our audit of the financial report of Engenco Limited and Controlled Entities for the year ended 30 June 2011 and in accordance with the provisions of the *Corporations Act 2001*.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- no contraventions of the *Code of Professional Conduct* of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

PHILIP RIX FCA, F.Fin.
Director

DATED at PERTH this 29th day of September, 2011

A member of Bentleys, an association of independent accounting firms in Australia. The member firms of the Bentleys association are affiliated only and not in partnership. Liability limited by a scheme approved under Professional Standards Legislation.

Accountants
Auditors
Advisors

INDEPENDENT AUDITOR'S REPORT

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
West Perth WA 6005
Australia
PO Box 44
West Perth WA 6872
Australia
ABN 33 121 222 802
T +61 8 9226 4500
F +61 8 9226 4300
bentleys.com.au

Independent Auditor's Report

To the Members of Engenco Limited

We have audited the accompanying financial report of Engenco Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company and the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

To the Members of Engenco Limited *(Continued)*

Bentleys

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

a. The financial report of Engenco Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

b. The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualification to the opinion expressed above, we draw attention to Note 20 (b) and Note 31 regarding the entities compliance with loan covenants with the Commonwealth Bank of Australia. At the date of this report, the Consolidated Entity is in default of its current lending covenants which have resulted in the classification of these loans to current liabilities.

As further disclosed in Note 29 (a) management have recently renegotiated these lending facilities. However, as at the date of this report, we believe there remains an inherent uncertainty regarding the timing, execution and ultimate success of future activities and therefore the outcome of these matters cannot be reliably determined.

Report on the Remuneration Report

We have audited the Remuneration Report included in directors' report of the year ended 30 June 2011. 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 responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Engenco Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Bentleys	Phil Rix
BENTLEYS	**PHILIP RIX** FCA, F.Fin.
Chartered Accountants	Director

DATED at PERTH this 29th day of September, 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

		CONSOLIDATED GROUP	
		2011	2010
	Note	**$'000**	$'000
Revenue	2	**199,295**	188,679
Other income	2	**2,240**	3,380
Changes in inventories of finished goods and work in progress		**7,238**	(18,707)
Raw materials and consumables used		**(92,484)**	(77,607)
Employee benefits expense		**(59,491)**	(67,191)
Depreciation and amortisation expense		**(10,160)**	(13,059)
Goodwill written off		**-**	(44,224)
Reversal of impairment of property, plant and equipment		**567**	(11,491)
Finance costs		**(9,458)**	(15,622)
Subcontract freight		**(1,960)**	(1,949)
Repairs and maintenance	1(w)	**(1,697)**	(2,096)
Insurances		**(2,837)**	(3,254)
Rent and outgoings		**(9,659)**	(10,822)
Vehicle expenses		**(721)**	(1,247)
Fuel		**(580)**	(6,955)
Foreign exchange movements		**(332)**	(182)
Other expenses	1(w)	**(9,871)**	(19,158)
PROFIT/(LOSS) BEFORE INCOME TAX	3	**10,090**	(101,505)
Income tax expense	4,1(w)	**(3,340)**	(2,501)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**6,750**	(104,006)
Profit/(Loss) from discontinued operations after tax	5	**(1,682)**	(10,232)
PROFIT/(LOSS) FOR THE PERIOD		**5,068**	(114,238)
Profit/(Loss) attributable to:			
Members of the parent entity		**4,905**	(113,712)
Non-controlling interest		**163**	(526)
		5,068	(114,238)
OTHER COMPREHENSIVE INCOME			
Foreign exchange reserve movement		**122**	(875)
Other comprehensive income for the period, net of tax		**122**	(875)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**5,190**	(115,113)
Total comprehensive income attributable to:			
Members of the parent entity		**5,027**	(114,587)
Non-controlling interest		**163**	(526)
		5,190	(115,113)
EARNINGS PER SHARE		**Cents**	Cents
From continuing and discontinuing operations:			
Basic earnings per share (cents per share)	10	**0.68**	(56.97)
Diluted earnings per share (cents per share)	10	**0.68**	N/A
From continuing operations:			
Basic earnings per share (cents per share)	10	**0.92**	(51.80)
Diluted earnings per share (cents per share)	10	**0.92**	N/A
From discontinued operations:			
Basic earnings per share (cents per share)	10	**(0.24)**	(5.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

		CONSOLIDATED GROUP	
		2011	2010
	Note	$'000	$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	11	**14,098**	2,727
Trade and other receivables	12	**46,782**	44,424
Inventories	13	**51,002**	44,751
Other current assets	18	**3,266**	2,359
TOTAL CURRENT ASSETS		**115,148**	94,261
NON-CURRENT ASSETS			
Trade and other receivables	12	**512**	2,255
Inventories	13	**6,909**	5,921
Financial assets	14	**145**	157
Property, plant and equipment	16	**94,471**	82,459
Deferred tax assets	21	**6,578**	4,915
Intangible assets	17	**49,661**	52,295
TOTAL NON-CURRENT ASSSETS		**158,276**	148,002
TOTAL ASSETS		**273,424**	242,263
CURRENT LIABILITIES			
Trade and other payables	19	**22,231**	56,381
Financial liabilities	20	**31,895**	81,070
Current tax liabilities	21	**3,361**	2,860
Short-term provisions	22	**6,121**	9,947
TOTAL CURRENT LIABILITIES		**63,608**	150,258
NON-CURRENT LIABILITIES			
Financial liabilities	20	**21,478**	32,113
Long-term provisions	22	**1,927**	1,950
Deferred tax liabilities	21	**2,298**	1,553
TOTAL NON-CURRENT LIABILITIES		**25,703**	35,616
TOTAL LIABILITIES		**89,311**	185,874
NET ASSETS		**184,113**	56,389
EQUITY			
Issued capital	23	**275,342**	152,808
Reserves		**3,290**	1,876
Non-controlling interest		**2,922**	2,759
Retained earnings/(accumulated losses)		**(97,441)**	(101,054)
TOTAL EQUITY		**184,113**	56,389

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

Consolidated Group	Note	Issued Capital Ordinary Shares $000	Retained Earnings/ (Losses) $000	Non-controlling Interest $000	Foreign Currency Translation Reserve $000	Foreign Deferred Tax Reserve $000	Option Reserves $000	Total $000
BALANCE AT 1 JULY 2009		119,222	14,712	-	(199)	-	896	134,631
Shares issued during the year		35,175	-	-	-	-	-	35,175
Transaction costs		(1,589)	-	-	-	-	-	(1,589)
Non-controlling interest on acquisition of subsidiary		-	-	3,285	-	-	-	3,285
Total comprehensive income for the period		-	(113,712)	(526)	(875)	-	-	(115,113)
Option reserve on recognition of options issued		-	704	-	-	-	(704)	-
SUB-TOTAL		152,808	(98,296)	2,759	(1,074)	-	192	56,389
Dividends paid or provided for	9	-	-	-	-	-	-	-
Transfer to foreign deferred tax reserve	1(w)	-	(2,758)	-	-	2,758	-	-
BALANCE AT 30 JUNE 2010		152,808	(101,054)	2,759	(1,074)	2,758	192	56,389
BALANCE AT 1 JULY 2010		152,808	(101,054)	2,759	(1,074)	2,758	192	56,389
Shares issued during the year		127,788	-	-	-	-	-	127,788
Transaction costs		(3,511)	-	-	-	-	-	(3,511)
Cancellation of shares	12(a)	(1,743)	-	-	-	-	-	(1,743)
Total comprehensive income for the period		-	4,905	163	122	-	-	5,190
SUB-TOTAL		275,342	(96,149)	2,922	(952)	2,758	192	184,113
Dividends paid or provided for	9	-	-	-	-	-	-	-
Transfer to foreign deferred tax reserve		-	(1,292)	-	-	1,292	-	-
BALANCE AT 30 JUNE 2011		275,342	(97,441)	2,922	(952)	4,050	192	184,113

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

		CONSOLIDATED GROUP	
		2011	2010
	Note	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		219,236	309,767
Payments to suppliers and employees		(235,455)	(249,079)
Interest received		332	324
Finance costs		(8,621)	(12,575)
Income tax paid		(1,077)	(7,809)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	26(b)	(25,585)	40,628
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2,303	6,622
Proceeds from disposal of entities	26(c)	1,113	8,086
Purchase of non-current assets		(31,875)	(19,413)
Payment for subsidiary, net of cash acquired		-	(9,998)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(28,459)	(14,703)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		102,117	33,585
Proceeds from borrowings		-	15,342
Repayment of borrowings		(25,906)	(64,373)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		76,211	(15,446)
Net increase/ (decrease) in cash held		22,167	10,479
Cash at beginning of financial year		(11,623)	(22,102)
CASH AT END OF FINANCIAL YEAR	26(a)	10,544	(11,623)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Engenco Limited and controlled entities ('Consolidated Group' or 'Group').

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Engenco Limited at the end of the reporting period. A controlled entity is any entity over which Engenco Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 15 – Controlled Entities. All controlled entities have a June financial year-end.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Consolidated Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill - refer to Note 1(i) - or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Principles of Consolidation (cont'd)

Business Combinations (cont'd)

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Income Tax (cont'd)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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.

(c) 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. 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.

A review of inventory was completed at year end to identify items to be classed as non-current. Non-current inventory is defined as inventory not expected to be utilised in the next financial year. The majority of items identified were long life locomotive spares which require refurbishment prior to use.

(d) Construction Contracts and Work in Progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

Work in progress is valued at cost. Cost includes both variable and fixed costs relating to specific projects, and those that are attributable to the project activity in general and that can be allocated on a reasonable basis.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less accumulated depreciation and, where applicable, any impairment losses.

Property

Freehold land and buildings are shown at their cost (being the consideration paid plus any additional direct costs), less subsequent depreciation for buildings.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, Plant and Equipment (cont'd)

Property (cont'd)

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and, where applicable, any impairment losses. The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	40% - 67%
Plant and equipment	2.5% - 67%
Leased plant and equipment	30% - 67%
Buildings	2.50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leases

Lease of fixed assets where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership that is transferred to entities in the Consolidated Group, are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a diminishing value basis over their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(g) Financial Instruments

Initial Recognition and Measurement

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at their fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. When quoted prices are available in an active market they are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(1) the amount at which the financial asset or financial liability is measured at initial recognition;

(2) less principal repayments;

(3) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method, and

(4) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Financial Assets at Fair Value Through Profit and Loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (cont'd)

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. All other loans and receivables are classified as non-current assets.

Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed at least annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Intangibles

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(1) the consideration transferred;

(2) any non-controlling interest; and

(3) the acquisition date fair value of any previously held equity interest over the acquisition date fair value of net identifiable assets acquired.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest measures the non-controlling interest in the acquiree using the proportionate interest method.

Refer to Note 17 – Intangible Assets for information on the goodwill policy adopted by the Group for acquisitions.

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

Customer Related Intangibles

Customer related intangibles are stated at cost less accumulated amortisation and, where applicable, any impairment losses.

Patents and Trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and, where applicable, any impairment losses. Patents and trademarks are amortised over their useful life.

Other Identifiable Intangibles

Other intangibles are stated at cost less accumulated amortisation and, where applicable, any impairment losses. At balance date the amount in other identifiable intangibles can be attributed to the value applied to Rail Access on acquisition.

Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of comprehensive income. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(k) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Provision for Warranties

Provision is made in respect of the Consolidated Group's estimated liability on all products and services under warranty at balance date. The future cash flows have been estimated by reference to the Consolidated Group's history of warranty claims.

(n) 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 are shown within short-term borrowings in current liabilities on the statement of financial position.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Revenue and Other Income

Revenue is measured at fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery or as contractually negotiated as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Revenue relating to construction activities is detailed in Note 1(d).

Interest revenue is recognised as it accrues using the effective interest rate method.

All revenue is stated net of the amount of goods and services tax (GST).

(p) 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.

(q) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(r) Goods and Services Tax (GST)

Revenues, expenses and 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.

(s) Comparative Figures

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

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(t) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Critical Accounting Estimates and Judgments

Goodwill and Intangibles

Significant judgments are made with respect to identifying and valuing intangible assets on acquisitions of new businesses. The Group assesses impairment of intangibles at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use and fair value calculations performed in assessing recoverable amounts incorporate a number of key estimates which can be found in Note 17 – Intangible Assets.

Income Tax

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. Further details can be found in Notes 4 – Income Tax Expense and Note 21 - Tax.

Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use and fair value calculations which incorporate various key assumptions.

With respect to cash flow projections for the impairment testing of goodwill, a growth rate to reflect business efficiencies and market growth opportunities have been factored into valuation models for the next five years. Additional allowance for inflation has been factored into all valuation models. Pre-tax discount rates of 23.5% have been used in all models.

Property, plant and equipment were assessed for impairment with reference to fair value less cost to sell. This is reflected in Note 16 – Property, Plant and Equipment.

Net, Realisable Value – inventory and WIP

Inventory and WIP value was determined using the net realisable value, where the cost was in excess of this value. This is reflected in Note 13 – Inventories.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

(v) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

  These standards are applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) New Accounting Standards for Application in Future Periods (cont'd)

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
  (a) the objective of the entity's business model for managing the financial assets; and
  (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

Tier 1: Australian Accounting Standards; and

Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (i.e. full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) New Accounting Standards for Application in Future Periods (cont'd)

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

  - clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
  - adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
  - amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
  - adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
  - making sundry editorial amendments to various Standards and Interpretations.

  This Standard is not expected to impact the Group.

- AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

  This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

  This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

  This Standard is not expected to impact the Group.

- AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

  This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

  As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) New Accounting Standards for Application in Future Periods (cont'd)

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes.

  The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

  The amendments are not expected to impact the Group.

  The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

(w) Prior Year Correction

Statement of Comprehensive Income

- 'Repairs and maintenance' of $6.55 million was incorrectly disclosed in the 2010 Annual Report and has been reclassified into 'other expenses' in the 2011 Annual Report comparative. This reclassification has a nil impact on the profit result of the Group. Refer to table below.
- 'Income tax expense' of $2.76 million was previously overstated and has been corrected in the 2011 Annual Report comparative. This correction has resulted in a decrease in the reported 2010 Group loss from $116.47 million to $113.71 million. Refer to table below.

Statement of Financial Position

- Due to the overstatement of income tax expense noted above the 'deferred tax liability' was also overstated by $2.76 million and the reserve was understated by the same amount in the 2010 Annual Report and has been corrected in the 2011 Annual Report comparative. Refer to table below.

Impacted Accounts	2010 Annual Report $000	2010 comparative in 2011 Annual Report $000	Change $000
Statement of Comprehensive Income			
Repairs and Maintenance	(8,645)	(2,096)	6,549
Other expenses	(12,609)	(19,158)	(6,549)
			-
Income tax expense	(5,259)	(2,501)	2,758
Profit / (loss) attributable to members of the parent entity	(116,470)	(113,712)	2,758
Statement of Financial Position			
Deferred tax liabilities	4,311	1,553	(2,758)
Reserves (refer below)	-	2,758	2,758
Statement of Changes in Equity			
Foreign deferred tax reserve	-	2,758	2,758

The financial statements were authorised for the issue on 29 September 2011 by the Board of Directors.

2. REVENUE

	Note	CONSOLIDATED GROUP 2011 $000	2010 $000
SALES REVENUE			
Sales of goods and services		**198,935**	186,330
TOTAL SALES REVENUE		**198,935**	186,330
OTHER REVENUE			
Interest received	(a)	**332**	324
Fuel rebates		**28**	2,025
TOTAL OTHER REVENUE		**360**	2,349
TOTAL SALES REVENUE AND OTHER REVENUE		**199,295**	188,679
OTHER INCOME			
Gain on disposal of property, plant and equipment		**661**	857
Gains on foreign exchange		**1,579**	2,523
TOTAL OTHER INCOME		**2,240**	3,380
a. Interest revenue from:			
Other persons		**332**	324
TOTAL INTEREST REVENUE		**332**	324

3. PROFIT FOR THE YEAR

	CONSOLIDATED GROUP 2011 $000	2010 $000
EXPENSES		
Cost of sales	**114,478**	134,978
FINANCE COSTS		
Interest – external	**8,618**	13,122
Other finance costs	**840**	2,500
TOTAL FINANCE COSTS	**9,458**	15,622
EMPLOYEE SUPERANNUATION EXPENSE		
Defined contribution plan	**4,789**	5,511
TOTAL EMPLOYEE SUPERANNUATION EXPENSE	**4,789**	5,511
BAD AND DOUBTFUL DEBTS		
Trade receivables	**748**	248
TOTAL BAD AND DOUBTFUL DEBTS	**748**	248
RENTAL EXPENSE ON OPERATING LEASES		
Minimum lease payments	**8,292**	9,731
TOTAL RENTAL EXPENSE ON OPERATING LEASES	**8,292**	9,731
Reversal of impairment of property, plant and equipment	**(567)**	11,491
Goodwill written off	**-**	44,224
Write-down of inventories to net realisable value	**-**	12,575
Write-off obsolete stock	**-**	5,199
Loss on sale of locomotives to P&O Trans Australia	**-**	6,000

4. INCOME TAX EXPENSE

	Note	CONSOLIDATED GROUP 2011 $000	2010 $000
(a) The components of tax expense comprise:			
Current income tax			
- Current income tax charge		**3,297**	3,250
Deferred income tax			
- Relating to origination and reversal of temporary differences	21	**43**	(749)
Income tax expense reported in the statement of comprehensive income		**3,340**	2,501
(b) A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:			
Accounting profit (loss) before tax from continuing operations		**10,090**	(101,505)
- Loss before tax from discontinued operations		**(2,172)**	(11,683)
- Total accounting profit (loss) before income tax		**7,918**	(113,188)
At the Parent Entity's statutory income tax rate of 30% (2010: 30%)		**2,375**	(33,956)
Add (Less) tax effect of:			
- Non-deductible depreciation and amortisation		**460**	13,727
- Write-downs to recoverable amounts		**(2,583)**	6,801
- Research and development deduction		**(99)**	(115)
- Other non-allowable items		**(128)**	3,186
- Foreign tax rate adjustment		**333**	1,828
- Losses for which no deferred tax asset is recognised		**2,492**	12,337
- Amounts recognised directly in equity		**-**	(2,758)
Weighted average income tax expense		**2,850**	1,050
Weighted average income tax expense is attributable to:			
Continuing operations		**3,340**	2,501
Discontinued operations	5	**(490)**	(1,451)
		2,850	1,050
Weighted average income tax rate		**33.1%**	* (2.5%)

* Foreign tax payable on foreign taxable income.

5. DISCONTINUED OPERATIONS

Claw Environmental

On 2 July 2010, the Consolidated Group announced its decision to dispose of Claw Environmental – a business unit of Coote Investments Pty Ltd, thereby discontinuing its operations in this business segment.

Financial information relating to the discontinued operation to the date of disposal is set out below.

The financial performance of the discontinued operation to the date of sale which is included in profit/(loss) from the discontinued operations per the statement of comprehensive income is as follows:

	2011 $000
Revenue	**2**
Raw materials and consumables used	**(5)**
Employee benefits expense	**(29)**
Depreciation and amortisation expense	**(46)**
Write-back of impairment of property, plant and equipment	**300**
Finance costs	**(20)**
Rent and outgoings	**(5)**
Vehicle expenses	**(3)**
Other expenses	**(200)**
LOSS BEFORE INCOME TAX	**(6)**
Income tax expense	**17**
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY	**11**
TOTAL PROFIT AFTER TAX ATTRIBUTABLE TO THE DISCONTINUED OPERATION	**11**

5. DISCONTINUED OPERATIONS (CONT'D)

FCD Logistics Pty Ltd

On 14 January 2011, the Consolidated Group announced its decision to dispose of its container depot operations entity of FCD Logistics Pty Ltd, thereby discontinuing its operations in this business segment.

Financial information relating to the discontinued operation to the date of disposal is set out below.

The financial performance of the discontinued operation to the date of sale which is included in profit/(loss) from the discontinued operations per the statement of comprehensive income is as follows:

	2011 $000
Revenue	2,937
Raw materials and consumables used	(549)
Employee benefits expense	(1,955)
Depreciation and amortisation expense	(355)
Finance costs	(346)
Insurances	(98)
Rent and outgoings	(290)
Vehicle expenses	(101)
Other expenses	(829)
LOSS BEFORE INCOME TAX	(1,586)
Income tax expense	476
LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY	(1,110)
Profit on sale before income tax	843
PROFIT ON SALE AFTER INCOME TAX	843
TOTAL LOSS AFTER TAX ATTRIBUTABLE TO THE DISCONTINUED OPERATION	(267)

5. DISCONTINUED OPERATIONS (CONT'D)

Eden Cryogenics LLC

On 22 February 2011, the Consolidated Group announced its decision to dispose of Eden Cryogenics LLC, thereby discontinuing its operations in this business segment.

Financial information relating to the discontinued operation to the date of disposal is set out below.

The financial performance of the discontinued operation to the date of sale which is included in profit/(loss) from the discontinued operations per the statement of comprehensive income is as follows:

	2011 $000
Revenue	**5,118**
Raw materials and consumables used	**(3,148)**
Employee benefits expense	**(1,526)**
Depreciation and amortisation expense	**(121)**
Finance costs	**(14)**
Insurances	**(57)**
Rent and outgoings	**(138)**
Vehicle expenses	**(2)**
Other expenses	**(720)**
LOSS BEFORE INCOME TAX	**(608)**
Income tax expense	**(3)**
LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY	**(611)**
Loss on sale before income tax	**(815)**
LOSS ON SALE AFTER INCOME TAX	**(815)**
TOTAL LOSS AFTER TAX ATTRIBUTABLE TO THE DISCONTINUED OPERATION	**(1,426)**

5. DISCONTINUED OPERATIONS (CONT'D)

South Spur Rail Services Pty Ltd

On 11 June 2010, the Consolidated Group announced its decision to dispose of South Spur Rail Services Pty Ltd, thereby discontinuing its operations in this business segment.

Financial information relating to the discontinued operation to the date of disposal is set out below.

The financial performance of the discontinued operation to the date of sale which is included in profit/(loss) from the discontinued operations per the statement of comprehensive income is as follows:

	2010 $000
Revenue	**35,652**
Employee benefits expense	**(12,778)**
Depreciation and amortisation expense	**(639)**
Finance costs	**(225)**
Insurances	**(1,179)**
Rent and outgoings	**(1,102)**
Vehicle expenses	**(334)**
Fuel	**(183)**
Other expenses	**(24,072)**
LOSS BEFORE INCOME TAX	**(4,860)**
Income tax expense	**1,451**
LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY	**(3,409)**
Loss on sale before income tax	**(6,823)**
LOSS ON SALE AFTER INCOME TAX	**(6,823)**
TOTAL LOSS AFTER TAX ATTRIBUTABLE TO THE DISCONTINUED OPERATION	**(10,232)**

6. KEY MANAGEMENT PERSONNEL

(a) Directors

The following persons were directors of Engenco Limited during the financial year:

Name	Position
D Elphinstone	Chairman (appointed 19 July 2010)
V De Santis	Chief Executive Officer/Managing Director (appointed 19 July 2010)
D Hector	Non-executive Director
R Dunning	Non-executive Director (appointed 8 November 2010)
M Coote	Managing Director (resigned 22 July 2010)
D Patterson	Chief Executive Officer/Executive Director (resigned 22 July 2010)

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position
K Pallas	Chief Operating Officer
R Stampalia	Company Secretary / Chief Financial Officer (resigned 6 May 2011)
G Jean	Company Secretary / Chief Financial Officer (appointed 6 May 2011)
G Parrett	CEO – Drivetrain Power and Propulsion
W Manners	CEO – Gemco Rail
P Swann	General Manager – Convair

(c) Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Groups key management personnel for the year ended 30 June 2011.

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

	2011	2010
	$000	$000
Short-term employee benefits	**1,848**	2,236
Post-employment benefits	**126**	196
Other long-term benefits	**-**	-
Termination benefits	**617**	-
Share-based payments	**-**	-
Total	**2,591**	2,432

(d) Equity Instrument Disclosures Relating to Key Management Personnel

Options

No options are currently on issue to key management personnel.

6. KEY MANAGEMENT PERSONNEL (CONT'D)

(e) Shareholdings

Number of shares held by Key Management Personnel at 30 June 2011:

2011	Balance 1 July 2010	Received as compensation	Options exercised	Net change other	Balance 30 June 2011
D Elphinstone	102,695,243	-	-	342,921,295	**445,616,538**
G Parrett	201,654	-	-	-	**201,654**
W Manners	62,693	-	-	55,728	**118,421**
V De Santis	257,693	-	-	742,307	**1,000,000**
P Swann	53,520	-	-	47,574	**101,094**
K Pallas	50,000	-	-	-	**50,000**
D Hector	36,171	-	-	100,476	**136,647**
R Dunning	-	-	-	100,000	**100,000**
M Coote (resigned 22 July 2010)	42,811,164	-	-	(42,749,670)	**61,494**
D Patterson (resigned 22 July 2010)	1,422,786	-	-	(1,422,786)	**-**

(f) Other Key Management Personnel Transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with Key Management Personnel, refer to Note 30: Related Party Transactions.

7. PARENT ENTITY DISCLOSURES

	2011 $000	2010 $000
(a) Financial Position		
ASSETS		
Current assets	**17,439**	4,650
Non-current assets	**192,918**	140,140
TOTAL ASSETS	**210,357**	144,790
LIABILITIES		
Current liabilities	**22,852**	68,083
Non-current liabilities	**1,975**	3,539
TOTAL LIABILITIES	**24,827**	71,622
NET ASSETS	**185,530**	73,168
EQUITY		
Issued capital	**275,342**	152,808
Reserves:		
Option reserves	**192**	192
Accumulated losses	**(90,004)**	(79,832)
TOTAL EQUITY	**185,530**	73,168
(b) Financial Performance		
COMPREHENSIVE INCOME		
Profit for the year	**(10,172)**	(89,037)
Other comprehensive income	**-**	-
TOTAL COMPREHENSIVE INCOME	**(10,172)**	(89,037)

(c) Guarantees

The parent entity acts as guarantor for bank debt facilities. Details of these facilities can be found in Note 20(c).

(d) Contingent Liabilities

At 30 June 2011, the parent entity has no significant contingent liabilities (2010: Nil).

(e) Contractual Commitments

At 30 June 2011, the parent entity had not entered into any contractual commitments for the acquisition of property, plant and equipment (2010: Nil).

8. AUDITOR'S REMUNERATION

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
Remuneration of Bentley's as auditor of the parent for:		
- auditing or reviewing the financial report	**346**	622
Remuneration of other auditors of subsidiaries for:		
- auditing or reviewing the financial report of subsidiaries	**163**	44

9. DIVIDENDS

The Directors have decided not to declare a final dividend.

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
(a) DECLARED AND PAID		
Final fully franked ordinary dividend of nil (2010: nil) cents per share franked at the tax rate of 30% (2010: 30%)	**-**	-
	-	-
(b) FRANKING CREDIT BALANCE		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year at 30% (2010: 30%)	**10,939**	9,274
	10,939	9,274

10. EARNINGS PER SHARE

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
(a) RECONCILIATION OF EARNINGS TO PROFIT OR LOSS		
Profit/(Loss)	**5,068**	(114,238)
Profit attributable to non-controlling equity interest	**(163)**	526
Earnings used to calculate basic EPS	**4,905**	(113,712)
Earnings used in the calculation of dilutive EPS	**4,905**	(113,712)
(b) RECONCILIATION OF EARNINGS TO PROFIT OR LOSS FROM CONTINUING OPERATIONS		
Profit/(Loss) from continuing operations	**6,750**	(104,006)
Profit/(Loss) attributable to non-controlling equity interest in respect of continuing operations	**(163)**	526
Earnings used to calculate basic EPS from continuing operations	**6,587**	(103,480)
Earnings used in the calculation of dilutive EPS from continuing operations	**6,587**	(103,480)
(c) RECONCILIATION OF EARNINGS TO PROFIT OR LOSS FROM DISCONTINUING OPERATIONS		
Profit/(Loss) from discontinuing operations	**(1,682)**	(10,232)
Profit/(Loss) attributable to non-controlling equity interest from discontinuing operations	**-**	-
Earnings used to calculate basic EPS from discontinuing operations	**(1,682)**	(10,232)
Earnings used in the calculation of dilutive EPS from discontinuing operations	**(1,682)**	(10,232)
	No. 000's	No. 000's
(d) WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE YEAR USED IN CALCULATING BASIC EPS	**716,384**	199,595
Weighted average number of options outstanding	**3,000**	5,062
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**719,384**	204,657

11. CASH AND CASH EQUIVALENTS

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
CASH AT BANK AND IN HAND	**14,098**	2,727
	14,098	2,727

12. TRADE AND OTHER RECEIVABLES

	Note	CONSOLIDATED GROUP 2011 $000	2010 $000
CURRENT			
Trade receivables		**38,974**	39,820
Provision for impairment of receivables	b(i)(ii)	**(860)**	(70)
Total trade receivables		**38,114**	39,750
Other receivables		**-**	-
Accrued income		**8,176**	4,350
Sundry receivables		**492**	-
Fuel rebate receivables		**-**	324
Total other receivables		**8,668**	4,674
TOTAL CURRENT TRADE AND OTHER RECEIVABLES		**46,782**	44,424
NON-CURRENT			
Amounts receivable from:			
- Wholly-owned entities		**-**	-
- External parties		**-**	-
- Key management personnel and employees	(a)	**512**	2,255
TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES		**512**	2,255

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Key Management Personnel

	Balance at Beginning of Year	Interest Charged	Interest Not Charged	Provision for Impairment	Balance at End of Year	Number of Individuals
	$000	$000	$000	$000	$000	
2011	2,255	-	82	-	512	4
2010	2,255	-	135	-	2,255	5

Individuals with Loans above $100,000 in Reporting Period:

	Balance at Beginning of Year	Interest Charged	Interest Not Charged	Provision for Impairment	Balance at End of Year	Highest Balance During Period
	$000	$000	$000	$000	$000	
D Patterson *	1,743	-	52	-	-	1,743
G Parrett	206	-	12	-	206	206
K Pallas	102	-	6	-	102	102
J Hickey	102	-	6	-	102	102
A Butters	102	-	6	-	102	102

* Cancellation of shares

The amounts shown for interest not charged in the tables above represent the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an arm's length basis

(b) Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in other expenses in the statement of comprehensive income.

Movement in the provision for impairment of receivables is as follows:

	Consolidated Group			
	Opening Balance 1 Jul 09	Charge for the Year	Amounts Written Off	Closing Balance 30 Jun 10
2010	$000	$000	$000	$000
(i) Current trade receivables	(111)	(60)	101	(70)
	(111)	(60)	101	(70)

	Opening Balance 1 Jul 10	Charge for the Year	Amounts Written Off	Closing Balance 30 Jun 11
2011	$000	$000	$000	$000
(ii) Current trade receivables	(70)	(850)	60	(860)
	(70)	(850)	60	(860)

12. TRADE AND OTHER RECEIVABLES (CONT'D)

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivable that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Consolidated Group						
	Gross Amount	Past Due and Impaired	Past due but not impaired				Within initial trade terms
			< 30 days	31 – 60 days	61 – 90 days	> 90 days	
	$000	$000	$000	$000	$000	$000	$000
2011							
Trade and term receivables	**38,974**	**860**	**9,474**	**4,462**	**3,596**	**1,437**	**19,145**
Other receivables	**8,668**	**-**	**-**	**-**	**-**	**3,034**	**5,634**
Total	**47,642**	**860**	**9,474**	**4,462**	**3,596**	**4,471**	**24,779**
2010							
Trade and term receivables	39,820	70	18,587	4,113	3,582	1,929	11,539
Other receivables	4,674	-	4,350	-	-	-	324
Total	44,494	70	22,937	4,113	3,582	1,929	11,863

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reportable date. The concentration of credit risk is limited to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

13. INVENTORIES

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
CURRENT		
At cost:		
- Raw materials and stores	**17**	1,132
- Work in progress	**7,487**	5,543
- Finished goods	**42,987**	37,565
	50,491	44,240
At net realisable value		
- Finished goods	**511**	511
	511	511
	51,002	44,751
NON CURRENT		
At cost:		
- Work in progress	**4,082**	3,095
	4,082	3,095
At net realisable value:		
- Work in progress	**2,827**	2,826
	2,827	2,826
	6,909	5,921

14. FINANCIAL ASSETS

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
NON CURRENT		
Shares in listed companies	**139**	147
Loans receivable - other	**6**	10
Total financial assets	**145**	157

15. CONTROLLED ENTITIES

Note: Subsidiaries are indented beneath their parent entity	ACN	Country of Incorporation	Date of Control	Percentage Owned 2011	Percentage Owned 2010
Engenco Ltd	120 432 144	Australia			
○ Convair Engineering Pty Ltd	058 868 134	Australia	1 Jul 06	100	100
○ Coote Logistics Pty Ltd	120 436 562	Australia	1 Jul 06	100	100
• Asset Kinetics Pty Ltd	109 795 753	Australia	1 Jul 06	100	100
• FCD Logistics Pty Ltd atf Fremantle Container Depot (1996) Unit Trust	073 856 274	Australia	1 Jul 07	0	100
○ Coote Investments Pty Ltd	124 975 462	Australia	18 Apr 07	100	100
• Australian Rail Mining Services Pty Ltd	116 954 324	Australia	30 Apr 07	100	100
• Centre for Excellence in Rail Training Pty Ltd	104 577 933	Australia	30 Apr 07	100	100
• Midland Railway Company Pty Ltd	098 960 591	Australia	30 Apr 07	100	100
• Momentum Rail (VIC) Pty Ltd	111 896 514	Australia	30 Apr 07	100	100
• Momentum Rail (Momentum WA) Pty Ltd	096 233 948	Australia	30 Apr 07	100	100
• Southern and Silverton Railway Pty Ltd	116 489 475	Australia	30 Apr 07	100	100
• South Spur Rail Services (NSW) Pty Ltd	105 065 183	Australia	30 Apr 07	100	100
• Sydney Railway Company Pty Ltd	109 980 029	Australia	30 Apr 07	100	100
○ Drivetrain Power and Propulsion Pty Ltd	052 506 886	Australia	1 Jul 06	100	100
• Drivetrain Australia Pty Ltd	060 704 789	Australia	1 Jul 06	100	100
* DTPP Energy Pty Ltd	060 901 555	Australia	25 May 10	100	100
* Drivetrain Philippines Inc	CS200717491	Philippines	1 Jul 07	100	100
* Drivetrain Singapore Pte Ltd	199802543C	Singapore	1 Jul 07	100	100
* Drivetrain Limited	1945211	New Zealand	1 Jul 07	100	100
* Drivetrain USA Inc	30-0524815	USA	31 Dec 08	100	100
- Hyradix Inc	68-0493799	USA	31 Dec 08	100	100
- Eden Cryogenics LLC	20-4363135	USA	31 Dec 08	0	100
• Hedemora Investments AB	556696-9431	Sweden	1 Jul 06	100	100
* Drivetrain Sweden AB (formerly Hedemora Diesel AB)	556018-7113	Sweden	1 Jul 06	100	100
○ Gemco Rail Pty Ltd	079 764 444	Australia	1 Jul 07	100	100
• Railway Bearing Refurbishment Services Pty Ltd	117 649 804	Australia	1 Jul 07	100	100
• New RTS Pty Ltd	131 310 926	Australia	3 Dec 08	100	100
○ Greentrains Ltd	131 890 545	Australia	17 Jul 09	81	81
• Greentrains Leasing Pty Ltd	131 687 128	Australia	18 Jun 08	81	81
○ Hedemora Pty Ltd	009 394 030	Australia	1 Jul 06	100	100
○ Industrial Powertrain Pty Ltd	009 213 727	Australia	1 Jul 07	100	100
• P C Diesel Pty Ltd	095 951 812	Australia	1 Jul 06	100	100
○ Total Momentum Pty Ltd	109 979 991	Australia	30 Apr 07	100	100

(a) Sales and Disposals

On 14 January 2011, our controlled entity Coote Logistics Pty Ltd sold its 100% shareholding in FCD Logistics Pty Ltd.

On 22 February 2011, our controlled entity Drivetrain USA Inc sold its 100% shareholding in Eden Cryogenics LLC.

16. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
LAND AND BUILDINGS		
Freehold land:		
- at cost	**53**	53
Total Land	**53**	53
Buildings:		
- at cost	**739**	739
- Less accumulated depreciation	**(456)**	(455)
Total Buildings	**283**	284
TOTAL LAND AND BUILDINGS	**336**	337
PLANT AND EQUIPMENT		
Plant and equipment:		
- At cost	**120,336**	103,168
- Accumulated depreciation	**(28,764)**	(26,025)
- Accumulated impairment losses	**(3,845)**	(3,191)
Total Plant and Equipment	**87,727**	73,952
Leasehold improvements:		
- At cost	**2,168**	3,302
- Accumulated depreciation	**(768)**	(1,075)
- Accumulated impairment losses	**-**	(17)
Total Leasehold Improvements	**1,400**	2,210
Leased plant and equipment:		
- Capitalised leased assets	**16,840**	19,268
- Accumulated depreciation	**(3,162)**	(4,166)
- Accumulated impairment losses	**(8,670)**	(9,142)
Total Leased Plant and Equipment	**5,008**	5,960
TOTAL PLANT AND EQUIPMENT	**94,135**	82,122
TOTAL PROPERTY, PLANT AND EQUIPMENT	**94,471**	82,459

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Movements in 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	Buildings	Leasehold Improvements	Plant and Equipment	Leased Plant and Equipment	Total
	$000	$000	$000	$000	$000	$000
BALANCE AT 1 JULY 2009	53	285	2,516	21,677	21,793	46,324
Additions	-	-	1,120	6,019	244	7,383
Disposals	-	-	(1,070)	(11,777)	(5,541)	(18,388)
Additions through acquisition of entity	-	-	-	73,116	-	73,116
Revaluation increments/ (decrements)	-	-	(17)	(3,192)	(8,282)	(11,491)
Depreciation expense	-	(1)	(276)	(9,496)	(2,034)	(11,807)
Disposals of assets on sale of subsidiary	-	-	(63)	(2,395)	(220)	(2,678)
BALANCE AT 1 JULY 2010	53	284	2,210	73,952	5,960	82,459
Additions	-	-	78	24,918	827	25,823
Disposals	-	-	(15)	(950)	(1,379)	(2,344)
Revaluation increments/ (decrements)	-	-	17	(356)	679	340
Depreciation expense	-	(1)	(172)	(8,251)	(629)	(9,053)
Disposals of assets on sale of subsidiary	-	-	(718)	(1,586)	(450)	(2,754)
BALANCE AT 30 JUNE 2011	53	283	1,400	87,727	5,008	94,471

17. INTANGIBLE ASSETS

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
GOODWILL		
Cost:		
Opening balance	**37,277**	85,799
Impairment for the year	**-**	(44,224)
Divestment through subsidiaries sold	**(1,005)**	(4,958)
Acquisition through subsidiaries acquired	**-**	660
Closing balance	**36,272**	37,277
CUSTOMER RELATED INTANGIBLES		
Cost:		
Opening balance	**14,494**	15,614
Additions	**-**	1
Acquisitions through subsidiaries acquired	**-**	(1,121)
Closing balance	**14,494**	14,494
Accumulated amortisation:		
Opening balance	**(4,451)**	(2,917)
Amortisation for the year	**(1,529)**	(1,534)
Closing balance	**(5,980)**	(4,451)
Net book value	**8,514**	10,043
PATENTS AND TRADEMARKS		
Cost:		
Opening balance	**1,227**	1,227
Additions	**-**	-
Acquisitions through subsidiaries acquired	**-**	-
Foreign exchange movement	**-**	-
Closing balance	**1,227**	1,227
Accumulated amortisation:		
Opening balance	**(357)**	-
Amortisation for the year	**(100)**	(357)
Closing balance	**(457)**	(357)
Net book value	**770**	870

17. INTANGIBLE ASSETS (CONT'D)

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
OTHER IDENTIFIABLE INTANGIBLES		
Cost:		
Opening balance	**4,105**	4,105
Additions	**-**	-
Acquisitions through subsidiaries acquired	**-**	-
Closing balance	**4,105**	4,105
TOTAL INTANGIBLE ASSETS		
At cost	**56,098**	101,327
Impairment for the year	**-**	(44,224)
Accumulated amortisation	**(6,437)**	(4,808)
Net book value	**49,661**	52,295

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the statement of comprehensive income. Goodwill has an infinite useful life.

(a) Impairment Tests for Cash Generating Units Containing Goodwill

For the purpose of impairment testing, goodwill is allocated to the Consolidated Group's key businesses which represent the lowest level within the Consolidated Group at which goodwill is monitored for internal management purposes as follows:

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
GOODWILL		
Convair	**1,889**	1,889
Drivetrain Australia	**9,265**	9,265
Drivetrain Sweden	**9,520**	9,520
Drivetrain USA	**-**	1,005
Gemco Rail	**3,813**	3,813
Momentum	**11,125**	11,125
Greentrains	**660**	660
TOTAL GOODWILL	**36,272**	37,277

The recoverable amount of the cash generating units is based on value in use and fair value calculations. The calculations use cash flow projections based on the following year's budget and plan, extended over a period of 5 years using a growth factor relevant to the sector and business plan. A pre-tax discount rate is applied adjusted for the risk of the industry in which each unit operates.

17. INTANGIBLE ASSETS (CONT'D)

(b) Key Assumptions Used for Value in Use Calculations

A growth rate to reflect business efficiencies and market growth opportunities has been used to extrapolate cash flows. The growth rate does not exceed the long-term average growth rate for the business in which the cash generating units operate.

A pre-tax discount rate of 23.5% has been applied to discount the forecast future attributable pre-tax cash flows. The discount rate reflects specific risks relating to the relevant cash generating units in their country of operation.

The recoverable amount of each cash generating unit exceeds the carrying amount of the gross assets of that unit.

(c) Sensitivity Analysis

With respect to cash flow projections, a growth rate to reflect business efficiencies and market growth opportunities have been factored into valuation models for the next five years. Based on sensitivities to the resulting EBIT projections, the following table represents potential incremental impairment of goodwill, based on 5% and 10% reductions to projected EBIT.

Cash Generating Unit	-5% EBIT	-10% EBIT
	$000	$000
Convair	-	-
Drivetrain Australia	-	-
Drivetrain Sweden	-	-
Gemco Rail	-	1,205
Momentum	-	-
Total	-	1,205

18. OTHER ASSETS

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
CURRENT		
Other current assets	**2,215**	791
Prepayments	**1,051**	1,568
	3,266	2,359

19. TRADE AND OTHER PAYABLES

	CONSOLIDATED GROUP 2011 $000	2010 $000
CURRENT		
Unsecured liabilities:		
Trade payables	**20,260**	38,327
ATO payables	**1,646**	15,592
Sundry payables and accrued expenses	**9**	9
Deferred income	**316**	2,453
	22,231	56,381

20. FINANCIAL LIABILITIES

	Note	CONSOLIDATED GROUP 2011 $000	2010 $000
CURRENT			
Secured liabilities:			
Bank overdrafts	26(a)	**3,554**	14,350
Lease liability		**961**	3,160
Other loans		**-**	21
Loans from related parties		**-**	14,992
Bank loans		**27,380**	48,547
		31,895	81,070
NON-CURRENT			
Secured liabilities:			
Bank loans		**20,828**	26,711
Other loans		**-**	35
Lease liability		**650**	5,367
		21,478	32,113

20. FINANCIAL LIABILITIES (CONT'D)

(a) Total Current and Non-Current Secured Liabilities:

	Note	CONSOLIDATED GROUP 2011 $000	2010 $000
Bank overdraft		**3,554**	14,350
Bank loan		**48,208**	75,258
Other loans		**-**	56
Loans from related parties		**-**	14,992
Lease liability	24	**1,611**	8,527
		53,373	113,183

(b) Collateral Provided

The bank debt is secured by first registered fixed and floating charges over assets owned by Engenco Limited and other Group members.

Key financial covenants agreed between Engenco Limited and its primary lender (CBA) following debt refinancing are:

i. **Minimum Net Worth** of $100 million for each quarter ending 31 March 2012. For all quarters ending 30 June 2012 or after no less than $125 million;

ii. **Gearing Ratio**, (the ratio of Total Debt to EBITDA) to be no more than 3.0 times for each quarter ending to 31 March 2012. For all quarters ending 30 June 2012 or after, no greater than 2.75 times; and

iii. **Interest Coverage Ratio**, (the ratio of EBITDA to gross interest expense) to be greater than 3.0 times.

Lease liabilities are secured by underlying leased assets.

(c) Debt Facilities and Credit Standby Arrangements

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

	Facility Available 2011 $000	Facility Used 2011 $000	Maturity Dates 2011	Facility Available 2010 $000	Facility Used 2010 $000	Maturity Dates 2010	Interest Basis
Cash Advance Facility	20,200	20,200	Jul-13	40,500	40,500	Feb-11	Floating
- Working Capital Multi Option Facility *	12,500	8,756	Jul-13	-	-	-	Floating
- Group Limit Facility	-	-	-	15,000	10,304	Feb-11	Floating
- Contingent Liabilities	-	-	-	7,100	6,998	Feb-11	Floating
- Swedish Loan Facility	3,679	3,679	Feb-12	6,540	6,540	Feb-12	Floating
- Greentrains Loan Facility	24,329	24,329	Jul-12	28,218	28,218	Jul-12	Floating
- Leases	1,611	1,611	Various	8,527	8,527	Various	Fixed
	62,319	58,575		105,885	101,087		

* Comprises net bank overdrafts, off balance sheet bank guarantees of $7 million, business cards and other trade products.

21.TAX

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
CURRENT		
Income tax payable	**3,361**	2,860
Total	**3,361**	2,860

This relates to tax payable for Group companies outside the Australian Tax Consolidated Group.

	Consolidated Group						
			Note 1(w)				
	Opening Balance	Balance Acquired	Charged to Income	Charged directly to Equity	Changes in Tax rate	Exchange Differences	Closing Balance
	$000	$000	$000	$000	$000	$000	$000
NON-CURRENT							
Deferred tax liability							
Other	1,930	763	(1,140)	-	-	-	1,553
Balance at 30 June 2010	1,930	763	(1,140)	-	-	-	1,553
Other	1,553	-	745	-	-	-	2,298
Balance at 30 June 2011	1,553	-	745	-	-	-	2,298
Deferred tax assets							
Provisions	2,296	1,160	(585)	-	-	-	2,871
Transaction costs on equity issue	545	-	-	179	-	-	724
Losses	686	-	177	-	-	-	863
Other	440	-	17	-	-	-	457
Balance at 30 June 2010	3,967	1,160	(391)	179	-	-	4,915
Provisions	2,871	(85)	(291)	-	-	(1)	2,494
Transaction costs on equity issue	724	-	-	1,220	-	-	1,944
Losses	863	-	805	-	-	(173)	1,495
Other	457	-	188	-	-	-	645
Balance at 30 June 2011	4,915	(85)	702	1,220	-	(174)	6,578

The Company has carry forward operating tax losses of $35.2 million from the 2010 year. A deferred tax asset of $0.81 million equal to the tax benefit of $2.7 million of these losses has been brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur. The ability to utilise the $35.2 million of operating tax losses will be subject to satisfying relevant eligibility criteria for the recoupment of carry forward tax losses.

22. PROVISIONS

	Consolidated Group			
	Long Service Leave Employee Benefits	Annual Leave Employee Benefits	Other	Total
	$000	$000	$000	$000
OPENING BALANCE AT 1 JULY 2010	1,950	4,111	5,836	11,897
Additional provisions	444	3,190	-	3,634
Amounts used	(447)	(3,753)	(3,237)	(7,437)
Decrease in provisions from divestment of entity	(21)	(25)	-	(46)
Additional provisions through acquisition of entity	-	-	-	-
BALANCE AT 30 JUNE 2011	1,926	3,523	2,599	8,048

	CONSOLIDATED GROUP	
	2011	2010
Analysis of Total Provisions	$000	$000
Current	**6,121**	9,947
Non-current	**1,927**	1,950
	8,048	11,897

(a) Significant Provisions

Turbomeca Provision

A provision of $2.86 million recognised in the 2009/2010 financial year for the balance of the purchase price payable to the previous owner of Turbomeca has subsequently been reduced by a payment of $0.85 million on achieving a targeted level of sales. At balance date the remaining provision of $2.01 million for the balance payable has been provided on the expectation of meeting future sales targets.

O'Connor Lease

A provision of $0.7 million was recognised in the 2009/2010 financial year for future site lease payments in the discontinued operation FCD Logistics Pty Ltd. During the 2010/2011 financial year $0.52 million was utilised. The balance of $0.18 million was increased by $0.14 million to $0.32 million to cover an agreed one-off payment to release the company from all future lease obligations.

Site Restoration Provision

A provision of $1.35 million was recognised in the 2009/2010 financial year for future costs in meeting property restoration obligations for the container depot operations of FCD Logistics Pty Ltd. Following the completion during the 2010/2011 financial year of an independent baseline environmental assessment the provision has been reduced to $0.16 million based on the current estimation of restoration costs to be incurred.

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. The measurement and recognition criteria relating to employee benefits has been included in Note 1(k) to this report.

23. ISSUED CAPITAL

	CONSOLIDATED GROUP 2011 $000	2010 $000
1,242,242,634 (2010: 266,438,788) fully paid ordinary shares with no par value	**275,342**	152,808
	275,342	152,808

(a) Ordinary Shares

	No.	No.
At beginning of reporting period	**266,438,788**	123,075,146
Shares issued during year		
24 Nov 09		115,384,615
9 Dec 09		23,328,894
29 Dec 09		4,650,133
14 Jul 10	**266,438,788**	
21 Feb 11	**79,801,636**	
22 Mar 11	**86,001,111**	
30 Mar 11	**543,848,189**	
4 Apr 11	**564,122**	
Shares cancelled during the year		
28 Sep 10	**(850,000)**	
At reporting date	**1,242,242,634**	266,438,788

Date	No.	Price	Description
14 Jul 10	266,438,788	$0.16	Shares issued pursuant to a non-renounceable entitlement offer
28 Sep 10	(850,000)	n/a	Cancellation of directors shares
21 Feb 11	79,801,636	$0.12	Shares issued to institutional and sophisticated investors
22 Mar 11	86,001,111	$0.12	Shares issued to institutional and sophisticated investors
30 Mar 11	543,848,189	$0.12	Shares issued pursuant to a non-renounceable entitlement offer
4 Apr 11	564,122	$0.12	Shares issued to institutional and sophisticated investors

All of these shares were eligible to participate in dividends from the date of issue.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares on issue.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Options

At 30 June 2011 3,000,000 (2010: 3,000,000) options were on issue. No options were exercised during this financial year. Further details on these options are contained in Note 27 – Share Based Payments.

(c) Capital Management

Management monitors the capital of the Consolidated Group in an effort to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Consolidated Group can fund its operations and continue as a going concern.

23. ISSUED CAPITAL (CONT'D)

The Consolidated Group's debt and capital includes ordinary shares and financial liabilities. The gearing ratios for the year ended 30 June 2011 are as follows:

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
Total Borrowings	**53,373**	113,183
Net Debt	**39,275**	110,456
Total Equity	**184,113**	56,389
Total Capital	**223,388**	166,845
Gearing Ratio	**21%**	195%

The gearing ratio has decreased substantially in FY2011 as compared to FY2010. This has been due to a significant reduction in debt and an increase in equity following the successful completion of several capital raisings during the year.

24. CAPITAL AND LEASING COMMITMENTS

		CONSOLIDATED GROUP	
		2011	2010
	Note	$000	$000
(a) FINANCE LEASE COMMITMENTS			
Payable — minimum lease payments:			
- not later than 12 months		**1,041**	3,777
- between 12 months and 5 years		**677**	4,928
- greater than 5 years		**-**	1,440
Minimum lease payments		**1,718**	10,145
Future finance charges		**(107)**	(1,618)
Present value of minimum lease payments	20	**1,611**	8,527
(b) OPERATING LEASE COMMITMENTS			
Non-cancellable operating leases contracted for but not capitalised in the financial statements			
Payable — minimum lease payments			
- not later than 12 months		**6,789**	6,206
- between 12 months and 5 years		**14,772**	14,696
- greater than 5 years		**2,309**	2,987
		23,870	23,889

25. 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 Board of Directors (chief operating decision makers) 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 makers consider the business from a Business Line perspective and have identified nine (9) reportable segments as follows:

(a) 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.

(b) Drivetrain Power and Propulsion

Drivetrain Power and Propulsion 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.

(c) Gemco Rail

Gemco Rail specialise in the remanufacture and repair of locomotives, wagons, bearings and other rail products for rail operators and maintainers. Gemco 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.

(d) CERT

Centre for Excellence in Rail 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 throughout Australia.

(e) Momentum

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

(f) Coote Logistics

Coote Logistics provides specialised road transportation and port logistics services, primarily for mine-site inputs and outputs, agricultural and industrial equipment.

(g) Coote Investments

This segment comprises miscellaneous investments and shareholdings.

25. OPERATING SEGMENTS (CONT'D)

Segment Information (cont'd)

Types of Products and Services by Segment (cont'd)

(h) Greentrains

Greentrains leases rollingstock to freight rail operators throughout Australia.

(i) All Other Segments

This includes the parent entity and consolidation / elimination adjustments.

Basis of Accounting for Purposes of Reporting by Operating Segments

(a) Accounting Policies Adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief 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 Sransactions

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

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.

(e) Unallocated Items

The following items of expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Finance costs
- Goodwill impairment
- Impairment of property, plant and equipment
- Deferred tax assets and liabilities

25. OPERATING SEGMENTS (CONT'D)

(i) Segment Performance

Year ended 30 June 2011

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

25. OPERATING SEGMENTS (CONT'D)

(i) Segment Performance (cont'd)

Year ended 30 June 2010

Primary Reporting: Business Segments	Drivetrain Power & Propulsion	CERT	Convair	Coote Logistics	Momentum	Gemco Rail	Green-trains	Coote Invest-ments	All Other	Consol. Group
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
REVENUE										
External sales	100,652	3,565	8,552	10,651	23,402	25,209	13,019	1,280		186,330
Inter-segment sales	2,522	108	-	454	672	10,719	-	-	-	14,475
Other revenue	29	-	4	-	-	291		-	2,025	2,349
TOTAL SEGMENT REVENUE	103,203	3,673	8,556	11,105	24,074	36,219	13,019	1,280	2,025	203,154
Reconciliation of segment revenue to Group revenue:										
Inter-segment elimination										(14,475)
TOTAL GROUP REVENUE										188,679
SEGMENT EBITDA	8,528	622	877	(10,641)	2,131	(20,948)	10,850	(515)	(8,013)	(17,109)
Reconciliation of Segment EBITDA:										
Amounts not included in Segment EBITDA but reviewed by Board:										
Depreciation and amortisation	(2,576)	(23)	(103)	(1,279)	(557)	(2,447)	(3,715)	(179)	(2,180)	(13,059)
Unallocated items:										
Finance costs										(15,622)
Impairment of property, plant and equipment										(11,491)
Goodwill write-down										(44,224)
NET LOSS BEFORE TAX FROM CONTINUING OPERATIONS										(101,505)

25. OPERATING SEGMENTS (CONT'D)

(ii) Segment Assets

As at 30 June 2011

Primary Reporting: Business Segments	Drivetrain Power & Propulsion	CERT	Convair	Coote Logistics	Momentum	Gemco Rail	Green-trains	Coote Invest-ments	All Other	Consol. Group
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
ASSETS										
Segment assets (excluding capital expenditure, investments and intangibles)	70,646	2,200	6,926	2,405	5,903	44,235	54,740	895	17,766	205,716
Capital expenditure	1,150	24	116	703	228	17,087	3,942	-	2,573	25,823
Investments	-	-	-	-	-	-	-	20,179	(20,034)	145
Intangibles	21,835	-	1,889	-	3,181	9,588	-	-	13,168	49,661
Reconciliation of segment assets to group assets										
Segment eliminations	-	-	-	-	-	-	-	-	-	(14,499)
Unallocated items:										
Deferred tax assets	-	-	-	-	-	-	-	-	-	6,578
TOTAL ASSETS	93,631	2,224	8,931	3,108	9,312	70,910	58,682	21,074	13,473	273,424

As at 30 June 2010

Primary Reporting: Business Segments	Drivetrain Power & Propulsion	CERT	Convair	Coote Logistics	Momentum	Gemco Rail	Green-trains	Coote Invest-ments	All Other	Consol. Group
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
ASSETS										
Segment assets (excluding capital expenditure, investments and intangibles)	65,454	1,657	5,001	5,224	5,218	40,112	58,003	(1,223)	10,962	190,408
Capital expenditure	1,616	23	107	187	79	2,529	-	922	1,922	7,384
Investments	-	-	-	-	-	-	-	26,688	(26,531)	157
Intangibles	23,374	-	1,889	-	3,327	9,588	-	-	14,117	52,295
Reconciliation of segment assets to group assets										
Segment eliminations	-	-	-	-	-	-	-	-	-	(12,895)
Unallocated items:										
Deferred tax assets	-	-	-	-	-	-	-	-	-	4,915
TOTAL ASSETS	90,444	1,680	6,997	5,411	8,624	52,229	58,003	26,387	470	242,263

25. OPERATING SEGMENTS (CONT'D)

(iii) Segment Liabilities

As at 30 June 2011

Primary Reporting: Business Segments	Drivetrain Power & Propulsion	CERT	Convair	Coote Logistics	Momentum	Gemco Rail	Green-trains	Coote Invest-ments	All Other	Consol. Group
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
LIABILITIES										
Segment liabilities	88,079	1,231	3,211	24,893	6,859	87,775	36,096	27,274	(171,442)	103,976
Reconciliation of segment liabilities to group liabilities:										
Segment eliminations	-	-	-	-	-	-	-	-	-	(16,963)
Unallocated items:										
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	2,298
TOTAL LIABILITIES	88,079	1,231	3,211	24,893	6,859	87,775	36,096	27,274	(171,442)	89,311

As at 30 June 2010

Primary Reporting: Business Segments	Drivetrain Power & Propulsion	CERT	Convair	Coote Logistics	Momentum	Gemco Rail	Green-trains	Coote Invest-ments	All Other	Consol. Group
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
LIABILITIES										
Segment liabilities	95,966	1,160	2,633	28,035	7,663	70,133	36,275	32,611	(77,261)	197,215
Reconciliation of segment liabilities to group liabilities:										
Segment eliminations	-	-	-	-	-	-	-	-	-	(12,894)
Unallocated items:										
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	1,553
TOTAL LIABILITIES	95,966	1,160	2,633	28,035	7,663	70,133	36,275	32,611	(77,261)	185,874

(iv) Revenue by Geographical Region

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
Revenue attributable to external customers is disclosed below, based on the location of the external customer:		
Australasia	**175,359**	157,363
United States of America	**1,811**	13,123
Europe	**22,125**	18,193
TOTAL REVENUE	**199,295**	188,679

25. OPERATING SEGMENTS (CONT'D)

(v) Assets by Geographical Region

	CONSOLIDATED GROUP 2011 $000	2010 $000
The location of segment assets is disclosed below by geographical location of the assets:		
Australasia	**242,356**	207,953
United States of America	**2,711**	7,234
Europe	**28,357**	27,076
TOTAL ASSETS	**273,424**	242,263

(vi) Major Customers

The Group has a large and diverse customer base. No individual customer has contributed in excess of 10% to overall Group revenue.

26. CASH FLOW INFORMATION

(a) Reconciliation of Cash at End of Financial Year

	Note	CONSOLIDATED GROUP 2011 $000	2010 $000
Cash and cash equivalents		**14,098**	2,727
Bank overdrafts (disclosed in current 'Financial Liabilities')		**(3,554)**	(14,350)
CASH AT END OF FINANCIAL YEAR	11,20	**10,544**	(11,623)

26. CASH FLOW INFORMATION (CONT'D)

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

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
PROFIT (LOSS) AFTER INCOME TAX	**5,068**	(114,238)
Non-cash flows in profit:		
- Amortisation / impairment	**762**	13,382
- Goodwill write-down	**-**	44,224
- Depreciation	**9,053**	11,807
- Net gain (loss) on disposal of property, plant and equipment	**(42)**	(647)
CHANGES IN ASSETS AND LIABILITIES		
Changes in assets and liabilities, net of the effects of purchase of subsidiaries		
- (Increase)/decrease in trade and term receivables	**(6,881)**	66,944
- (Increase)/decrease in prepayments	**517**	(87)
- (Increase)/decrease in inventories	**(7,238)**	18,708
- Increase/(decrease) in trade payables and accruals	**(25,107)**	14,340
- Increase/(decrease) in income taxes payable	**6,741**	(5,433)
- Increase/(decrease) in deferred taxes payable	**(4,968)**	(1,325)
- Increase/(decrease) in provisions	**(3,490)**	(7,047)
CASH FLOW FROM OPERATIONS	**(25,585)**	40,628

(c) Disposal of Entities

(i) FCD Logistics Pty Ltd

On 14 January 2011 the controlled entity FCD Logistics Pty Ltd was sold. Aggregate details of this transaction are:

	$000
DISPOSAL PRICE:	
Cash received	1,112
Vendor finance	1,604
TOTAL SALE CONSIDERATION	2,716
Net book value of assets and liabilities disposed:	
Receivables	718
Inventories / WIP	266
Property, plant and equipment	1,927
Payables	(360)
Hire purchase liabilities	(645)
Employee benefit liabilities including superannuation	(33)
Sub-total	1,873
NET GAIN / (LOSS) ON DISPOSAL	843

26. CASH FLOW INFORMATION (CONT'D)

(c) Disposal of Entities (cont'd)

(ii) Eden Cryogenics LLC

On 22 February 2011 the controlled entity Eden Cryogenics LLC was sold. Aggregate details of this transaction are:

	$000
DISPOSAL PRICE:	
Cash received	1
TOTAL SALE CONSIDERATION	1
Net book value of assets and liabilities disposed:	
Goodwill	1,008
Receivables	748
Inventories / WIP	1,083
Property, plant and equipment	656
Payables	(2,600)
Employee benefit liabilities including superannuation	(79)
Sub-total	816
NET GAIN / (LOSS) ON DISPOSAL	(815)

(iii) South Spur Rail Services Pty Ltd

On 11 June 2010 the sale of controlled entity South Spur Rail Services Pty Ltd was settled. Aggregate details of this transaction are:

	$000
DISPOSAL PRICE:	
Cash received	9,266
Final consideration adjustment	(3,031)
TOTAL SALE CONSIDERATION	6,235
Net book value of assets and liabilities disposed:	
Cash	1,180
Goodwill	4,958
Revaluation reserve reversal	7,648
Receivables	6,440
Inventories / WIP	1,407
Property, plant and equipment	2,679
Payables	(6,780)
Employee benefit liabilities including superannuation	(1,065)
Sub-total	16,467
NET GAIN / (LOSS) ON DISPOSAL	(10,232)

27. SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2011:

On 29 February 2008, 3,000,000 share options were granted to Azure Capital to accept ordinary shares at an exercise price of $1.00. The options are on the following basis:

Grant Date	Number	Exercise Price $	Exercise Date	Expiry Date
29 Feb 08	1,000,000	3.00	29 Aug 08	29 Aug 11
29 Feb 08	1,000,000	3.50	28 Feb 09	29 Feb 12
29 Feb 08	1,000,000	4.00	29 Aug 09	29 Aug 12

	2011		2010	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	3,000,000	3.50	7,150,000	2.01
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(4,150,000)	1.00
Outstanding at year-end	3,000,000	3.50	3,000,000	3.50
Exercisable at year-end	3,000,000	3.50	3,000,000	3.50

No options were issued or exercised during the year ended 30 June 2011.

28. NET TANGIBLE ASSETS

	2011 Cents	2010 Cents
Net tangible assets per share: (2011: 1,242,242,634 shares, 2010: 266,438,788 shares)	**11**	1.5

29. EVENTS SUBSEQUENT TO REPORTING DATE

(a) Debt Refinancing

On 1 August 2011 debt facilities with the Commonwealth Bank of Australia were refinanced for a further term of two years. The new facilities include a Revolving Cash Advance Facility ($20.2m) together with a Multi Option Facility ($12.5m) comprising cash advances, bank guarantees, letters of credit, business cards and other trade products. These facilities do not include the loan from the Commonwealth Bank of Australia to Greentrains Limited which is a separate facility that does not mature until July 2012.

(b) Lease Surrender

On 19 August 2011 Coote Logistics Pty Ltd made a one-off payment as way of compensation to release the company from all lease obligations on the property leased at 2 Jones Street, O'Connor, Fremantle. Further details on the lease surrender are contained in Note 22(a) – Provisions.

(c) Options

On 29 August 2011 1,000,000 share options granted to Azure Capital expired. Further details of options granted to Azure Capital are disclosed in Note 27.

30. RELATED PARTY TRANSACTIONS

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

(a) Lease agreements with related parties

The company leases operating sites from entities related to Michael Coote. Lease payments of $45,205 were paid to these related entities and cover the period to 22 July 2010 being the date of Michael Coote's resignation as a director of Engenco Limited.

(b) Other Transactions

Management fees of $560,000 were paid to Elph Pty Ltd and $111,875 paid to Elphinstone Pty Ltd for the services of Vincent De Santis who is a director of both Elph Pty Ltd and Elphinstone Pty Ltd. Dale Elphinstone is also Chairman of both these entities.

(c) Transactions with Subsidiaries

The following transactions occurred with related parties:

	2011	2010
Related Party Transaction	$000	$000
Tax consolidation legislation:		
Current tax payable assumed from wholly-owned tax consolidated entities	**1,456**	1,197
Dividend revenue:		
Subsidiaries	**-**	-
Interest revenue:		
Subsidiaries	**4,450**	12,474

30. RELATED PARTY TRANSACTIONS (CONT'D)

(d) Outstanding Balances Arising from Sales/Purchases of Goods and Services

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

	2011	2010
Related Party Transaction	$000	$000
CURRENT RECEIVABLES		
Wholly-owned entities	**78**	82

(e) Loans to/from Related Parties

	2011	2010
Related Party Transaction	$000	$000
Loans to/from subsidiaries (parent entity):		
Loans to subsidiaries	**194,760**	148,881
Loans from subsidiaries	**(1,675)**	(3,020)
Loans to/from other related parties:		
Loans from Elph Pty Ltd	**-**	(14,992)

The intercompany loans extended from Engenco Ltd 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

31. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills and leases.

		CONSOLIDATED GROUP	
		2011	2010
	Note	$000	$000
FINANCIAL ASSETS			
Cash and Cash equivalents	11	**14,098**	2,727
Other	14	**145**	157
Loans and Receivables	12	**47,294**	46,679
		61,537	49,563
FINANCIAL LIABILITIES			
Financial Liabilities at amortised cost			
- Trade and other payables	19	**22,231**	56,381
- Borrowings	20	**53,373**	113,183
		75,604	169,564

The main purpose of non-derivative financial instruments is to raise finance for group operations.

31. FINANCIAL RISK MANAGEMENT (CONT'D)

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 Consolidated Group in meeting its financial targets, whilst 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. This includes the use of hedging derivative instruments and decisions in relation to sources of future funding.

ii. Financial Risk Exposures and Management

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

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 Groups' operations are financed using a mixture of fixed and floating 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:

		CONSOLIDATED GROUP	
		2011	2010
	Note	$000	$000
FLOATING RATE INSTRUMENTS			
Bank Overdrafts	20(c)	**3,554**	14,350
Cash Advance Facility	20(c)	**20,200**	40,500
Swedish Loan Facilities	20(c)	**3,679**	6,540
Greentrains Loan Facilities	20(c)	**24,329**	28,218
Total		**51,762**	89,608

31. FINANCIAL RISK MANAGEMENT (CONT'D)

ii. Financial Risk Exposures and Management (cont'd)

b. Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking 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
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The tables below reflect 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.

Defaults and Breaches

As a consequence of its earnings results in the first half of the reporting period the Group was operating outside two of its financial covenants in respect to its facilities with the Commonwealth Bank of Australia as at 30 June 2011.

Financial Liability and Financial Asset Maturity Analysis

	Consolidated Group							
	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000
FINANCIAL LIABILITIES DUE FOR PAYMENT								
Bank overdrafts and loans	**30,934**	77,910	**20,828**	26,746	**-**	-	**51,762**	104,656
Trade and other payables (excluding estimated annual leave)	**22,231**	56,381	**-**	-	**-**	-	**22,231**	56,381
Finance lease liabilities	**961**	3,160	**650**	4,322	**-**	1,045	**1,611**	8,527
Total Expected Outflows	**54,126**	137,451	**21,478**	31,068		1,045	**75,604**	169,564
FINANCIAL ASSETS – CASH FLOW REALISABLE								
Cash and cash equivalents	**14,098**	2,727	**-**	-	**-**	-	**14,098**	2,727
Trade, term and loans receivables	**46,782**	44,424	**512**	2,255	**-**	-	**47,294**	46,679
Investments available for sale	**145**	157	**-**	-	**-**	-	**145**	157
Total Anticipated Inflows	**61,025**	47,308	**512**	2,255	**-**	-	**61,537**	49,563
Net (Outflow)/Inflow on Financial Instruments	**6,899**	(90,143)	**(20,966)**	(28,813)	**-**	(1,045)	**(14,067)**	(120,001)

31. FINANCIAL RISK MANAGEMENT (CONT'D)

ii. Financial Risk Exposures and Management (cont'd)

c. Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Group currently undertakes some hedging against the potential impact of this risk on its operations.

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

Exposure to credit risk relating to financial assets arises from potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Group.

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.

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.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet.

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 12.

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 12.

Balances held with banks are with AA rated financial institutions, details of these holdings can be found in Note 11.

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 balance sheet. 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. Areas of judgment and the 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.

31. FINANCIAL RISK MANAGEMENT (CONT'D)

iii. Net Fair Values (cont'd)

	Consolidated Group			
	2011 Net Carrying Value $000	2011 Net Fair Value $000	2010 Net Carrying Value $000	2010 Net Fair Value $000
	$000	$000	$000	$000
FINANCIAL ASSETS				
Cash and Cash Equivalents	**14,098**	**14,098**	2,727	2,727
Trade and Other Receivables	**47,294**	**47,294**	46,679	46,679
Other	**145**	**145**	157	157
	61,537	**61,537**	49,563	49,563
FINANCIAL LIABILITIES				
Trade and Other Payables	**22,231**	**22,231**	56,381	56,381
Lease Liability	**1,611**	**1,611**	8,527	8,527
Bank Debt	**51,762**	**51,762**	89,608	89,608
	75,604	**75,604**	154,516	154,516

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. Trade and other payables exclude amounts provided for relating to annual leave which is not considered a financial instrument.*
- *Loans and receivables 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.*
- *For other assets, closing quoted bid prices at reporting date are used where appropriate.*

iv. Sensitivity Analysis

a. Interest Rate Risk and Foreign Currency Risk

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and exchange rates. The table indicates 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.

31. FINANCIAL RISK MANAGEMENT (CONT'D)

iv. Sensitivity Analysis (cont'd)

b. Interest Rate Sensitivity Analysis

At 30 June 2011, the effect on earnings and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
CHANGE IN EARNINGS		
- Increase in interest rates by 100 basis points	**(518)**	(799)
- Decrease in interest rates by 100 basis points	**518**	799
CHANGE IN EQUITY		
- Increase in interest rates by 100 basis points	**(518)**	(799)
- Decrease in interest rates by 100 basis points	**518**	799

c. Foreign Currency Risk Sensitivity Analysis

At 30 June 2011, 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 is as follows:

	CONSOLIDATED GROUP	
	2011	2010
	$000	$000
- Improvement in AUD to SEK by 5%	**(53)**	(266)
- Decline in AUD to SEK by 5%	**53**	266
CHANGE IN EQUITY		
- Improvement in AUD to SEK by 5%	**(160)**	(541)
- Decline in AUD to SEK by 5%	**160**	541

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

32. RESERVES

(a) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

(b) Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

(c) Foreign Deferred Tax Reserve

The foreign deferred tax reserve records Swedish profits transferred for the purpose of deferring the payment of Swedish corporate income tax. Under Swedish tax legislation Swedish corporations can transfer 25% of current year profits to a foreign deferred tax reserve and defer the payments of corporate income tax for a maximum period of six years. At the reporting date the value of the 'foreign deferred tax reserve' is AUD $4.05 million (Swedish Krona – SEK 24.7 million).

SHAREHOLDER INFORMATION

Additional Information for Listed Companies at 16 September 2011

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	152	6.10	44,579
1,001 – 5,000	390	15.66	1,254,430
5,001 – 10,000	300	12.04	2,459,475
10,001 – 100,000	1,024	41.11	44,706,356
100,001 – and over	625	25.09	1,193,777,794
	2,491	100.00	1,242,242,634

(b) The number of shareholdings held in less than marketable parcels (less than $500 in value) is 537.

(c) 20 Largest Shareholders – Ordinary Shares

Position	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	Elph Pty Ltd	450,000,000	36.22%
2	JP Morgan Nominees Australia Limited	110,528,611	8.90%
3	National Nominees Limited	77,862,012	6.27%
4	Equity Trustees Limited	70,597,590	5.68%
5	UBS Nominees Pty Limited	42,325,347	3.41%
6	RAC & JD Brice Superannuation Pty Ltd	33,545,036	2.70%
7	Citicorp Nominees Pty Limited	32,932,529	2.65%
8	Australian Foundation Investment Company Limited	31,663,292	2.55%
9	Cogent Nominees Pty Limited	13,505,423	1.09%
10	Mirrabooka Investments Limited	10,999,960	0.89%
11	Sandhurst Trustees Ltd	9,170,557	0.74%
12	Marford Group Pty Ltd	8,974,716	0.72%
13	Mr Neville Leslie Esler, & Mrs Cheryl Anne Esler	8,937,691	0.72%
14	RBC Dexia Investor Services Australia Nominees Pty Limited	8,656,206	0.70%
15	Pan Australian Nominees Pty Limited	8,250,000	0.66%
16	Grahger Capital Securities Pty Limited	8,000,000	0.64%
17	Amcil Limited	6,893,706	0.55%
18	Sacrosanct Pty Ltd	5,501,354	0.44%
19	Bond Street Custodians Limited	4,650,078	0.37%
20	Albers Custodian Company Pty Ltd	4,605,630	0.37%
	Totals	947,629,512	76.28%

1. Shareholding (cont'd)

(d) A single shareholder holding in excess of 10% of issued capital was listed in the holding company's register as follows:

Shareholder	No. Ordinary Shares	%
Elph Pty Ltd	450,000,000	36.22%

(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 Secretary is:

Gary Jean

3. The Address of the Principal Registered Office in Australia is:

Level 1, 10 Kings Park Road, West Perth WA 6005

4. Registers of Securities are held at the following Addresses:

770 Canning Highway, Applecross, WA 6153

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

A total of 2,000,000 options are on issue to Azure Capital.

7. Other Disclosures

There were no restricted securities at this date.

CORPORATE DIRECTORY

CORPORATE HEADQUARTERS

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

Level 1, 10 Kings Park Road
West Perth WA 6005

DIRECTORS

Dale Elphinstone:
FAICD
Non-executive Chairman

Vincent De Santis:
BCom LLB (Hons)
Managing Director

Donald Hector:
BE(Chem), PhD, FAICD, FIEAust, FIChemE
Non-Executive Director

Ross Dunning AC:
BE (Hons), B.Com, FCILT, FAIM, FIEAust, FIRSE, MAICD
Non-Executive Director

COMPANY SECRETARY

Gary Jean:
BBus, CA, MBA
Chief Financial Officer

AUDITORS

Bentleys
Level 1, 12 Kings Park Road
West Perth WA 6005

T: +61 (0)8 9226 4500
F: +61 (0)8 9216 4300

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

T: +61 (0)8 9315 2333
F: +61 (0)8 9315 2233

FOLLOW US

www.engenco.com.au

DESIGNED BY mindfield

ENGE_13903