THIS IS THE FUTURE SPEAKING

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ASX Announcement
Engin Limited (ENG)

25 August 2009

Company Announcements Office
Australian Securities Exchange Limited
Level 6
20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Total pages: 13 *(including covering letter)*

In accordance with the Listing Rules, following is the Preliminary Final Report of the Company for the financial year ended 30 June 2009 and a Company release.

Yours faithfully
For and behalf of Engin Limited

John Kinninmont
Company Secretary

Attach.

engin

Engin Limited

(ABN 46 063 582 990)

Appendix 4E

Preliminary final report

For the year ended 30 June 2009

Results for announcement to the market:

Revenue from ordinary activities	Up	2.3%	To	$20,200,247
(Loss) from ordinary activities after tax attributable to members	Down	44.4%	To	($6,760,201)
Net loss attributable to members	Down	44.4%	To	($6,760,201)

Dividends

No dividends were paid or proposed during the period.

Brief explanation of revenue, net profit and dividends

- $6,760,201 Loss from continuing operations was an improvement of $5,408,190 (44.4%) compared to the prior year loss of $12,168,391
- Operating revenue increased 2.3% to $20,200,247
- Revenue from services increased 4.2%, this increase in revenue from services was led by a 6.3% increase in services in operation (SIOs) to 67,000
- Direct margin increased by $1,551,402 (15.4%) to $11,657,527
- Operating expenditure decreased by $9,067,706 (40.8%) to $13,138,768
- Current year other income was Nil compared to $3,725,834 of other income relating mostly to the sale of Unwired Group Limited shares in the prior year
- EBITDA loss of $1,481,241 was an improvement of $6,893,274 (82.3%) on the prior year
- Depreciation, amortisation & impairment expense increased $2,053,939 (60.7%). This includes an impairment charge of $1,632,219
- $4.3m Cash and cash equivalents at June 2009 (June 2008 $6.6m / December 2008 $4.2m)

Current reporting period:	**Year ended 30 June 2009**
Previous corresponding period:	Year ended 30 June 2008

Consolidated income statement

Year ended 30 June 2009

	Note	2009 $	2008 $
Continuing operations			
Operating revenue	3(a)	20,200,247	19,755,580
Cost of sales		8,542,720	9,649,455
Gross Profit		**11,657,527**	**10,106,125**
Other income	3(b)	-	3,725,834
Employee expenses		(7,779,703)	(12,340,429)
Marketing expenses		(969,881)	(3,577,911)
Occupancy expenses		(432,524)	(510,002)
Other operating expenses		(3,956,660)	(5,778,132)
Depreciation, amortisation & impairment expense	3(c)	(5,438,878)	(3,384,939)
Results from operating activities		**(6,920,119)**	**(11,759,454)**
Finance income		246,016	317,388
Finance expenses		(86,098)	(726,325)
Net finance income/(expense)	4	**159,918**	**(408,937)**
Profit/(loss) before income tax		**(6,760,201)**	**(12,168,391)**
Income tax expense		-	-
Profit/(loss) from continuing operations		**(6,760,201)**	**(12,168,391)**

Earnings/(Loss) per share (cents per share)

	Note	2009	2008
From continuing operations:			
Basic	8	(1.06)	(2.90)
Diluted	8	(1.06)	(2.90)

Consolidated balance sheet

As at 30 June 2009

	Note	2009 $	2008 $
Current Assets			
Cash and cash equivalents	6(a)	4,250,567	6,583,252
Trade and other receivables		1,252,280	1,426,293
Inventories		181,003	721,173
Other		194,152	296,519
Total Current Assets		**5,878,002**	**9,027,237**
Non-Current Assets			
Investments accounted for using the equity method		-	1
Property, plant and equipment		1,070,097	5,141,364
Customer management & billing system		2,704,975	3,951,530
Total Non-Current Assets		**3,775,072**	**9,092,895**
Total Assets		**9,653,074**	**18,120,132**
Current Liabilities			
Trade and other payables		3,649,670	4,096,018
Borrowings – Finance lease liability		443,474	1,202,802
Provisions		250,384	314,374
Total Current Liabilities		**4,343,528**	**5,613,194**
Non-Current Liabilities			
Borrowings – Finance lease liability		-	416,894
Provisions		76,252	81,651
Total Non-Current Liabilities		**76,252**	**498,545**
Total Liabilities		**4,419,780**	**6,111,739**
Net Assets		**5,233,294**	**12,008,393**
Equity			
Issued capital		45,064,769	45,079,667
Accumulated losses	5	(39,831,475)	(33,071,274)
Total Equity		**5,233,294**	**12,008,393**

Consolidated cash flow statement

Year ended 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Receipts from customers		22,148,893	22,269,397
Payments to suppliers and employees		(23,329,320)	(36,226,398)
Interest and other costs of finance paid		(86,098)	(726,325)
Net cash used in operating activities	6(b)	**(1,266,525)**	**(14,683,326)**
Cash flows from investing activities			
Payment for property, plant and equipment and customer management and billing system		(121,056)	(2,037,194)
Interest received		246,016	317,388
Payment for purchase of Unwired Group Limited shareholding		-	(21,463,784)
Proceeds on sale of Unwired Group Limited shareholding		-	25,175,373
Net cash from investing activities		**124,960**	**1,991,783**
Cash flows from financing activities			
Proceeds from convertible loan note		-	20,816,524
Repayment of convertible loan note		-	(20,816,524)
Repayment of finance lease		(1,176,222)	(1,235,171)
Proceeds from issues of equity securities		-	8,430,666
Share issue costs		(14,898)	(211,356)
Net cash (used in) from financing activities		**(1,191,120)**	**6,984,139**
Net increase/(decrease) in cash & cash equivalents		(2,332,685)	(5,707,404)
Cash & cash equivalents at 1 July		6,583,252	12,290,656
Cash & cash equivalents at 30 June	6(a)	**4,250,567**	**6,583,252**

Consolidated statement of changes in equity

Year ended 30 June 2009

	Share capital $	Employee benefits reserve $	Retained earnings $	Total equity $
Balance at 1 July 2007	**35,451,483**	**1,309,360**	**(20,902,883)**	**15,857,960**
(Loss) for period	-	-	(12,168,391)	(12,168,391)
Total recognised income & expense	-	-	(12,168,391)	(12,168,391)
Recognition of share-based payments	1,408,874	(1,309,360)	-	99,514
Issue of shares	8,430,666	-	-	8,430,666
Share issue costs	(211,356)	-	-	(211,356)
Balance at 30 June 2008	**45,079,667**	**-**	**(33,071,274)**	**12,008,393**
(Loss) for period		-	(6,760,201)	(6,760,201)
Total recognised income & expense		-	(6,760,201)	(6,760,201)
Share issue costs	(14,898)	-	-	(14,898)
Balance at 30 June 2009	**45,064,769**	**-**	**(39,831,475)**	**5,233,294**

1. Reporting entity

Engin Limited ("the company") is a company domiciled in Australia. The address of the Company's registered office is Level 2, 38-42 Pirrama Road, Pyrmont, NSW, 2009. The consolidated financial report of the Company as at and for the year ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates and jointly controlled entities.

The Group is involved primarily in the delivery of broadband telephony services and sale of related hardware to its customers, branded as "engin'.

2. Basis of preparation

This financial report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The financial report is prepared on the historical cost basis.

The accounting policies adopted are consistent with those of the previous financial year, except as noted below.

		2009 $	2008 $
3.	**Revenue and expenses from continuing operations**		
(a)	**Operating revenue**		
	Rendering of services	19,912,320	19,118,773
	Sale of goods	287,927	636,807
		20,200,247	**19,755,580**
(b)	**Other income**		
	Profit on sale of investment in Unwired Group Limited Shares	-	3,711,589
	Other revenue	-	14,245
		-	**3,725,834**
(c)	**Depreciation, amortisation & impairment expense**		
	Customer management and billing system depreciation	1,254,055	1,099,759
	Other plant and equipment depreciation	1,276,604	1,556,522
	Equipment under finance lease amortisation	1,276,000	728,658
	Impairment of plant and equipment	1,632,219	-
		5,438,878	**3,384,939**
(d)	**Lease payments and other expenses included in the income statement**		
	Operating lease rental expenses	289,512	322,899
	Net bad and doubtful debts expense	227,000	176,714
	Share based payment expense	-	99,514

		2009 $	2008 $
4.	**Net finance income/(expense)**		
	Finance income		
	Interest on bank deposits	246,016	317,388
	Finance expenses		
	Finance lease interest charges	86,098	190,632
	Convertible note interest	-	533,760
	Other	-	1,933
		86,098	**726,325**
	Net finance income/(expense)	**159,918**	**(408,937)**

		2009 $	2008 $
5.	**Statement of retained earnings**		
	Retained earnings (losses) at beginning of financial period	(33,071,274)	(20,902,883)
	Net loss attributable to members of the parent entity	(6,760,201)	(12,168,391)
	Retained earnings (losses) at end of financial period	**(39,831,475)**	**(33,071,274)**

6. Notes to the cash flow statement

(a) Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) comprises:

	2009 $	2008 $
Cash on hand and at bank	4,250,567	6,583,252
Total cash and cash equivalents at end of period	**4,250,567**	**6,583,252**

(b) Reconciliation of loss for the period to net cash flows from operating activities

	2009 $	2008 $
Profit/(loss) from continuing operations	**(6,760,201)**	**(12,168,391)**
Share of joint venture entity's loss	-	15,206
Depreciation, amortisation and impairment of non-current assets	5,438,878	3,384,939
Interest revenue	(246,016)	(317,388)
Profit on sale of investment in Unwired Limited	-	(3,711,589)
Employee equity settled benefits	-	99,514
Changes in net assets and liabilities:		
(Increase)/decrease in assets:		
Current receivables	(10,018)	638,272
Current inventories	540,170	60,339
Other current assets	286,394	(56,156)
Increase/(decrease) in liabilities:		
Current trade payables	(446,343)	(2,336,050)
Other current liabilities	(63,990)	(235,289)
Other non-current liabilities	(5,399)	(56,733)
Net operating cash flows	**(1,266,525)**	**(14,683,326)**

7. Dividends

No dividends were paid or proposed during the year.

	2009	2008
8. Earnings per share		
Earnings per share from continuing operations		
Basic (cent)	(1.06)	(2.90)
Diluted (cents)	(1.06)	(2.90)

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Earnings reconciliation		
Basic and diluted earnings (loss)	($6,760,201)	($12,168,391)
Weighted average number of ordinary shares		
Number of shares used for basic and diluted earnings per share calculation	635,516,979	420,007,435

9. Net tangible assets (NTA) per security *

Net tangible assets per security (cents)	0.8	1.9

* NTA is deemed to include the Customer management & billing system. Excluding this asset the NTA is 0.4 cents (2008: 1.3 cents)

10. Total number of issued securities

	Number	Number
Fully paid ordinary shares	635,516,979	635,516,979

11. Details of entities over which control has been gained or lost

During the year Metrofi Investment Holdings Pty Limited, a dormant company in which Engin held 100% of the shares was de-registered.

During the year Look Mobile Pty Limited, a non-trading entity in which Engin held 50% of the shares was de-registered.

12. Details of associates and joint venture entities

Name of entity	Ownership interest 2009 %	Ownership interest 2008 %	Contribution to net (loss) 2009 $	Contribution to net (loss) 2008 $
Joint venture entities				
Look Mobile Pty Limited	-	50	-	(15,206)
Aggregate share of (loss)	N/A	N/A	-	(15,206)

Look Mobile Pty Limited was de-registered in October 2008

13. Segment information

Engin Limited operates as a provider of broadband telephony services within Australia.

14. Subsequent events

There are no subsequent events to report.

15. Information on Audit or Review

This report is based on accounts that are in the process of being audited

Engin Limited (ABN 46 063 582 990)
Preliminary unaudited results for the financial year ended 30 June 2009

Sydney, 25 August 2009 – engin Limited (ASX: ENG, www.engin.com.au) announces its preliminary unaudited results for the year ended 30 June 2009.

"In my address to shareholders at the 2008 AGM I said that the company would achieve monthly cash flow and EBITDA break even during this period. I am pleased to announce that the company has exceeded those expectations by delivering positive EBITDA and positive cash flow for the second half of the year" said Ian Smith, Chairman of Engin.

For the full year Engin reported a loss before and after tax of $6.8m. This result is an improvement of 44% compared to the $12.2m loss incurred in the previous year.

EBITDA loss for the year was $1.5m, an improvement of 82% on the prior year EBITDA loss of $8.4m.

Engin ended the year with a cash balance of $4.3m. Significantly, in the second half of the year Engin delivered cash growth of $0.1m and furthermore delivered positive EBITDA of $0.1m - improving on the $1.6m EBITDA loss delivered in the first half of the year.

Gross revenue was up 2.3% for the year, and includes a 4.2% increase in revenue from delivery of services – driven by increasing SIOs (services in operation), which are up 6.3% for the year. At June 2009 Engin had 67,000 SIOs (June 2008: 63,000 / Dec 2008: 64,000).

In the past eighteen months the company has restructured it's entire cost base. The result of this effort is seen in the $9.1m (41%) reduction in operating expenditure in FY09 and the $1.6m (15%) increase in gross margin. Importantly during this period of restructure the business continued to grow revenue and customer numbers; deliver new products and services and generally improve the service to end users.

The company has taken a prudent view of the carrying value of fixed assets and as such has booked an impairment at the year-end of $1.6m.

The following table summarises the financial position of the company:

	H1FY09	**H2FY09**	**FY09**	**FY08**
Gross revenue	$10.0m	$10.2m	$20.2m	$19.8m
Gross margin	$5.7m	$6.0 m	$11.7m	$10.1m
Operating expenditure	$7.3m	$5.8m	$13.1m	$22.2m
EBITDA*	**($1.6m)**	**$0.1m**	**($1.5m)**	**($8.4m)**
Loss before & after income tax expense	($3.1m)	($3.7m)	($6.8m)	($12.2m)
Cash at year end	$4.2m	$4.3m	$4.3m	$6.6m

(* EBITDA includes earnings before interest, tax, depreciation, amortisation and impairment charges. In 2008 EBITDA includes a $3.7m profit on the sale of Unwired Group Limited shares)

New products and services

In October 2008 Engin was the first VoIP provider in Australia to successfully launch a high speed ADSL service. With Engin's "naked DSL", end users experience superior voice quality and if they wish can abandon their expensive traditional telephone.

In April 2009, Engin launched the new "Engin oneHub" – an all-in-one internet and telephony device – The oneHub is a wireless modem/router with a built in DECT handset that handles VoIP as well as PSTN calls. This device replaces up to four pieces of equipment and has met with significant uptake since launch.

- ENDS -

About engin

engin, listed on the ASX (ENG), is Australia's leading Broadband phone company, cutting the cost of calling for tens of thousands of homes and small businesses across Australia.

engin is headquartered in Sydney Australia and delivers a digital voice service across existing broadband connections. For more information, please visit www.engin.com.au

Important Notice

The statements contained in this news release that are forward-looking are based on current expectations that are subject to a number of uncertainties and risks, and actual results may differ materially. The uncertainties and risks include, but are not limited to, changes in market conditions, anticipated increases in the rate of new customer acquisition, the development of new products and services, the enhancement of existing products and services, competitive pressures, system failures, economic and political conditions, changes in consumer behavior and the introduction of competing products having technological and/or other advantages.

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