



**ASX Announcement
Engin Limited (ENG)**

18 August 2010

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

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Following is a Company Release concerning the financial results of Engin Limited for the year ended 30 June 2010.

Yours faithfully
For and on behalf of Engin Limited

A handwritten signature in blue ink, appearing to read "John Kinninmont", written over a horizontal line.

John Kinninmont
Company Secretary

engin announces a record full year EBITDA of \$701k

Sydney, 18 August 2010 – engin Limited (ASX: ENG, www.engin.com.au) announces its Audited results for the year ended 30 June 2010.

- Full year EBITDA of \$701k, an improvement of \$2.2M versus the previous year;
- Record revenues of \$21M;
- Full year positive cash flow.

The year to June 2010 saw the company deliver it's first full year EBITDA result of \$701k, a significant improvement of \$2.2m on the prior year EBITDA loss of \$1.5m. engin's 2010 full-year earnings reflected the continued strong performance of engin's business, in particular:

- Growth in the take-up of engin's products and services;
- Continued focus on cost management and the efficiency of core activities;
- The launch of new products and services to both Residential and Business customers.

While the company delivered a PBT loss for the full year of \$2.4m, which includes \$2.7m of accelerated depreciation on the Billing System, this was an improvement of \$4.3m versus the prior year PBT loss of \$6.8m. During the financial year the company saw continued month on month improvement in the results, and as such delivered a positive PBT in the second half of the year of \$0.2m (versus a first half PBT loss of \$2.6m).

2010 also saw the company generate net positive cash flows, ending the year with \$4.6m of cash, up \$0.3m on the prior year – this result includes operating cash flows of \$0.7m – an improvement of \$2.0m on the prior year operating cash outflow of (\$1.3m). The company paid down \$0.4m of finance lease debt during the year and apart from \$0.3m of outstanding finance leases carries no significant debt.

Year on year revenue increased 3.6% to \$20.9m and margins improved significantly with an improvement of \$1.2m (10.4%) on the gross margin to \$12.9m. Gross Margin percentage increased to 61.7% from 57.9% in 2009, supported by our continued focus on cost reduction. In the year the company saw operating expenditure decreasing \$0.9m or 7% to \$12.2m.

The following table summarises the financial position of the company:

	H1FY10	H2FY10	FY10	FY09
Gross revenue	\$10.5m	\$10.4m	\$20.9m	\$20.2m
Gross margin	\$6.5m	\$6.4 m	\$12.9m	\$11.7m
Operating expenditure	(\$6.2m)	(\$6.0m)	(\$12.2m)	(\$13.1m)
EBITDA	\$0.3m	\$0.4m	\$0.7m	(\$1.5m)
Profit/(Loss) before & after income tax expense	(\$2.6m)	\$0.2m	(\$2.4m)	(\$6.8m)
Cash at year end	\$4.4m	\$4.6m	\$4.6m	\$4.3m

Active Services in Operation (SIOs) increased 4.5% to approximately 70,000, most of this growth coming in the second half of the year. Our high speed DSL product continues to prove a strong enabler for our VoIP product offering in both the residential and business markets and the company ended the year with 3,000 active DSL SIOs.

In addition to its broad range of products and services engin has focused on and delivered significantly improved levels of customer service. Ongoing tracking shows over 90% of engin's customers are satisfied or very satisfied with engin's customer service delivery.

During the year the company successfully migrated its customer base to a new network, which is feature rich and fully scaleable. As a result a number of finance leases, which came to term in the year, were discontinued. The new network has enabled engin to launch advanced Business VoIP products, such as the Hosted ePBX, which has had a strong take up since launching in January of this year. During the year the company launched the engin Hosted Phone System, SIP trunking and 13xx/18xx services to business users, expanding our addressable business market. Take-up of engin products and services among SME's has been particularly strong as a result of engin's broader range of Business products.

Finally, the Board wishes to welcome Charles Solomon (CEO), Martin Mercer and Tim Howard to the Board and thank Rohan Lund for his valuable contribution over the last three and half years.

- 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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