

27 November 2008

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In accordance with Listing Rule 3.13.3, following is a copy of the Chairman's Address to be made at the Annual General Meeting commencing at 11:00am today.

Yours faithfully

For and on behalf of Engin Limited

A handwritten signature in blue ink, consisting of several overlapping, fluid strokes that form the name "John Kinninmont".

John Kinninmont
Company Secretary

Attach

Chairman's Address
Engin Limited - AGM
27 November 2008

The past 12 months has been a period of change and consolidation for Engin which I am pleased to inform you has placed your company in an improved position, especially considering the difficulties posed by current economic conditions.

In April of this year, the Board announced a pro-rata non-renounceable rights issue which was fully underwritten by Network Investment Holdings Pty. Limited, which successfully raised \$8.43m .

At that time, the Board outlined a plan for a thorough review of the structure and cost base of Engin with the objectives of bringing it more in line with the current revenue base, better preparing it for the possibility of a more difficult trading environment and positioning the business for profitable growth going forward.

Since that rights issue, the company has focussed on achieving those objectives and I am pleased to report that a great deal has been achieved. As a result, Engin is financially sound with substantive cash assets.

I am pleased to report that during that period there has been a strong improvement in gross margin which has continued into this current financial year. Permanent full time staff has been reduced by 53% and productivity improvement initiatives introduced across the board which have delivered immediate benefits.

These activities have resulted in a significant reduction in our EBITDA loss, bringing the company substantially closer to cash flow breakeven.

Since the end of the 07/08 Financial Year, further actions have been taken that indicate very strongly, barring any unforeseen ramifications of the current business environment, that Engin expects to, on a monthly basis, achieve cash flow and EBITDA break even during this current financial year.

In addition, as I deliver this report, Engin has cash reserves of \$4.3 m. That is after all restructuring costs and the development and build of the ADSL2+ infrastructure.

In addition to realigning our financial position, your company has also been focused on building a platform for future growth. We have entered a new phase of marketing and promotion which includes substantial upgrades to our website, a greater focus on targeted online promotion and the refinement of our product and service offerings. In October this year we successfully launched our own ADSL2+ package to bundle with our internet telephony service which we believe will offer great value and improved service to our customers.

On the subject of customers, we have seen significant improvement in customer satisfaction levels as a result of changes in our call centre and the rationalisation of product lines that were not delivering the appropriate levels of service quality.

There is good reason to believe that this will continue to improve with the ADSL2+ introduction which provides a quality of voice service that will further enhance the engine experience.

Going forward, we have a number of key objectives that the business will focus on.

Our first will be to ensure that we maintain the financial benefits that have occurred as a result of our recent restructure and rationalisation.

Second is to drive the business to cash flow positive as soon as possible and then begin to build our cash reserves.

Finally, with our new structure, a new marketing team, the resumption of more focused marketing activities and the introduction of ADSL, we are now in a good position to grow our customer base. Our primary objective in this area will be enduring, cost efficient and profitable growth.

A lot of hard and sometimes difficult work has been undertaken to put your company's business in a stronger position.

With a much more solid financial base, we can now begin to look at taking advantage of the many opportunities we believe will arise in the internet telephony and ISP space in Australia and take a big step closer to realizing the potential of your company.