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Company Announcements Office
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
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By electronic lodgement

Total pages: 3 (including cover letter)

Investor Update

Please find attached an Investor Update.

Yours sincerely

For and on behalf of Engin Limited



John Kinninmont
Company Secretary

Investor Update

Engin reports continued strong improvement in Revenue and EBITDA

19 February 2010 – Engin Limited, Australia’s leading VoIP provider announces continued improvement in operating results.

Financial highlights for the 6 months to Dec 2009 include (vs 6 months to December 2008):

- EBITDA up \$1.9m to \$0.3m (Dec 08 (\$1.6m))
- Revenue up 6% to \$10.5m (Dec 08: \$10.0m)
- Cash up 5% to \$4.4m (Dec 08 09 \$4.2m)
- Operating cash flow up \$2.5m to \$0.6m (Dec 08 09 (\$1.9m))
- Services in operation up 5% to 67,000

In six months to December 2009 the company has further consolidated on the gains made in operating efficiency in the past year and delivered a strong result with revenue growth of 5.6% compared to the previous corresponding period and positive EBITDA of \$0.3m.

For the half-year ended 31 December 2009 the consolidated entity generated a loss before and after tax of \$2.6m (2008: loss \$3.1m), an improvement on the corresponding prior year period of 17%. Profit was impacted by a decision to revise down the useful life of capitalised software during the period, contributing \$2.1m to the net loss, bringing the carrying value of this asset down to zero.

Cash flow for the period was positive \$168k with cash flow from operating activities of \$0.6m - a significant \$2.5m improvement against the half-year ended 31 December 2008 operating cash flow of negative \$1.9m.

A half-year on half-year comparison is provided below:

	Half-year ended December 2009	Half-year ended June 2009	Half-year ended December 2008
Gross revenue	\$10.5m	\$10.2m	\$10.0m
Gross margin	\$6.5m	\$6.0m	\$5.7m
Operating expenditure	(\$6.2m)	(\$5.9m)	(\$7.3m)
EBITDA	\$0.3m	\$0.1m	(\$1.6m)
Profit/(loss) after tax	(\$2.6m)	(\$3.6m)	(\$3.1m)
Cash at end of period	\$4.4m	\$4.3m	\$4.2m

Gross margin increased to 62% for the period (December 08: 57%)

Engin ended the period with 67,000 active services in operation (SIO's) a 5% increase from December 08. This growth is reflected in the 5.6% increase in revenue. Engin maintains its position as the leading VoIP provider in Australia.

During this period Engin successfully migrated its customer base to a new network, which is feature rich and fully scalable. Finance leases on network equipment have now come to term.

Also during this period Engin relocated its primary place of business – taking advantage of favourable conditions in the commercial property market and negotiating a five-year lease on substantially better terms than it previously enjoyed. As at December 2009 head count stands at 80 FTE around the same level at December 08 and June 09.

Engin's DSL2+ product continues to enjoy success with over 2,000 DSL services currently active – 70% of these are on a "naked service" and have abandoned their traditional expensive phone line in favour of a high quality, low cost voice over internet product.

During the period the company reduced the number of ordinary shares on issue by consolidating every fifty (50) shares into one (1) share. Following the share consolidation and as at 31 December 2009 the company had 12,710,145 shares on issue.

We expect the company to continue to trade at positive EBITDA for the remainder of the year preserving the cash balance and generating positive operating cash flows.