Good morning ladies and gentlemen and welcome to the 24th Annual General Meeting of Orbital Corporation Limited. My name is Peter Day and I will be chairing today's meeting.

The Company Secretary has informed me that we have a quorum of shareholders present, and accordingly I declare the meeting open.

With us today are my fellow Non-Executive Directors, Dr Vijoleta Braach-Maksvytis and Dr Merv Jones, together with our Managing Director and Chief Executive Officer, Terry Stinson and Mr Ian Veitch our Company Secretary. Also present is Mr Keith Halliwell, our Chief Financial Officer.

In addition, we have with us today Mr Geoff Lotter, representing our auditors, Ernst & Young. As a matter of interest and with regret, this is Geoff's last time as signing auditor of Orbital given that he must rotate off the audit under Corporations Act requirements. His successor is Mr Timothy Dachs, also from Ernst & Young, who will audit the 2013 results, and he is also with us today

This morning, I will give you an overview of our strategic positioning, followed by financial results, a summary of the key operating features of Orbital's past year and an outlook for the future.

Terry Stinson will then provide a more detailed operational and strategic review and his thoughts on the future, after which we will conduct the formal business of the meeting. We will then take questions from the floor.

All shareholders and visitors are invited to join the Board and management for refreshments at the end of the meeting.

Strategic Positioning

Orbital is strategically changing from a predominantly consulting services business to a company which supplies specialised engine and vehicle systems offering unique technology to niche markets.

Without treading on Synerject's toes, we are modelling our strategic approach in a manner similar to our existing joint venture Synerject, which has provided consistent growth and solid earnings and cash flow over many years. But, unlike our investment in Synerject, we want to directly control the businesses we develop so that we have full access to profits and cash flow.

Orbital requires growth and profitability and for a number of years we have looked for system sales growth opportunities. This commenced with the purchase of Orbital Autogas Systems, followed by the development of the next generation Liquid LPG system for Ford and the aftermarket, the acquisition of Sprint Gas and most recently winning a supply contract for heavy fuel engines for unmanned aircraft systems.

We are making progress on our new strategic path but we have faced challenges along the way and that has delivered outcomes, financial and others, which we didn't anticipate and are disappointing for our shareholders, your board and the management team.

But, we still have faith that we have embarked on the right strategic path. The future lies with new technologies and the operationalization of those into real revenues and profits; that takes time. It takes even longer when you consider some of the headwinds we have faced. In today's meeting I would like to provide an overview of where we are now and where the strategy is taking us.

(Slide - Profit & loss account)

Financial Results

Orbital generated a loss after tax of $3.1 million for the year ended 30 June 2012 which compares with a profit of $1.8 million last year. The result last year however included a profit on the sale and leaseback of our property in Perth of $4.2 million and assets write-downs totalling $2.0 million.

There are some positives we can take out of what was a very tough year, particularly for Orbital's consulting services business based in Perth.

In the year ended 30 June 2012 we progressed our strategic repositioning as is clearly demonstrated by the 35% increase in revenue to $22.1 million which includes a 140% increase in system sales.

Synerject is not included in our consolidated revenue and is therefore sometimes overlooked. However it is pleasing to note that once again Synerject grew; increasing revenue by 5% to US$127.5 million and profit after tax by 10% to US$8.0 million.

A review of Orbital's business by segment is as follows:

- **System Sales** – (as noted earlier) increased by 140% to $14 million. This includes supply, through Orbital Autogas Systems (OAS), of Orbital's liquid LPi system for Ford's EcoLPi Falcon which was launched during the year and won Best Large Car under $60,000 at the Australian Best Car Awards. This segment also includes sales of LPG kits to the Australian aftermarket through Sprint Gas Australia (SGA) which was acquired in May 2011 and contributed a full year's result for the 1st time in FY2012. Orbital now has over 100 liquid LPG kits available for the aftermarket which are distributed through these business channels.

  The significant increase in revenue has provided a positive segment result of $380k compared with a loss last year of $757k. While we are pleased with the growth and business turn-around we were disappointed that we didn't achieve higher volumes.

  These businesses operated in a challenging market with national LPG volumes contracting due to low petrol prices and reduced Government support. Despite the tough market conditions both OAS and SGA managed costs tightly, increased market share and positioned these businesses for any future market upturn.

- **Synerject**, Orbital's 42% joint venture with Continental Corporation, once again increased revenue, profit after tax, dividends and generated positive free cash flow.

  Revenue increased by 5% to US$127.5 million. The marine market continued a (slow) recovery off GFC lows, supporting sales of engine management systems (EMS) and fuel injection systems to Mercury and BRP for use in outboard engines. Sales of high end motorcycle products increased as did sales to the snowmobile market. Synerject has recently entered into the lawn and garden (utility engine) sector growing sales, capability and product offerings year on year.

  Synerject has continued to invest in new EMS products for the highly prospective Asian low end motorcycle market. Notwithstanding these investment costs, particularly in China, Synerject improved EBIT margins and increased profit after tax by 10% to $8.0 million through overhead efficiency.

Synerject generated US$3.2 million operating cash flow after investment in working capital and capital expenditure. The strong cash flow was used in repayment of borrowings and payment of dividends to shareholders of which Orbital received A$1.5 million. At 30 June 2012 Synerject had borrowings of only US$2.7 million and cash reserves of US$4.7 million; a very healthy balance sheet.

Orbital's equity accounted share of the Synerject result increased by 8% to $3.5 million.

- **Consulting Services** revenue declined by 25% to $7.1 million. As noted above this was Orbital's most challenging business particularly in the 2nd half year.

  Orbital's customers traditionally come from the USA, Asia and Europe and the strong Australian dollar has continued to make our resources far less competitive internationally and new work difficult to win.

  Orbital does however offer unique technology and this business segment delivered an excellent program to AAI Corporation being a spark ignited heavy fuel engine for use in unmanned aircraft systems (UAS). AAI which is division of Textron Inc has won orders with the US military and contracted Orbital to supply the 1st batch of UAS engines; an order worth $4.7 million. The engine will be used in AAI's Aerosonde 4.7 Unmanned Aerial Vehicle. This business which will underpin our continued growth in system sales has tremendous potential, including further engine orders, spare parts and refurbishment of engines in the field.

- **Licence and Royalty** revenue of $1.0 million decreased marginally compared to last year due to the stronger Australian dollar and slightly lower volumes.

Outlook

When we released our results in August the Board declared a target of a return to profits in the financial year ended 30 June 2013.

At the end of the 1st quarter I can report that the results (unaudited) are significantly better than the previous 2 quarters and Orbital has generated positive cash flow since 30 June 2012.

In particular:

System Sales

We commenced supply of UAS engines to AAI in August. That business is going well and is profitable and we are seeking to secure further orders including engine refurbishment and spare parts to boost revenue this financial year.

OAS continues to supply to Ford and the aftermarket. Ford sales are similar to the prior year however the LPG aftermarket is very soft. Sprint Gas relies entirely on the aftermarket and is therefore affected by those market conditions. OAS and Sprint Gas businesses have reacted to market conditions and while not where we wish to be, I can report that both businesses are keeping their heads above water.

Synerject

Synerject has performed well for a number of years consistently generating revenue growth, increasing profits, positive cash flows and dividends. I am pleased to report that at the end of the 1st quarter Synerject has outperformed the 1st quarter last year and continues to win new orders. Orbital's equity share of Synerject's profit for the remainder of the year will be dependent on a number of factors including exchange rate, however at this stage we expect another healthy Synerject contribution.

Consulting Services

As outlined earlier in my presentation this business has been operating in very difficult economic conditions and the 1st quarter has provided no change. The order book is similar to year end at approximately $1 million which is significantly lower than previous years. We have reduced costs, including reduced headcount and we have redeployed staff to build UAS engines. We have a number of good prospects in the pipeline which we will pursue however at this time we anticipate that this business unit will generate a loss this year.

Cash and Capital Management

As noted earlier Orbital is strategically repositioning from a consulting services operation to a company which supplies specialised engine and vehicle systems with unique technology to specialised markets. We delivered 35% revenue growth last year and anticipate further growth this year as we enter the UAS market.

We are managing our cash conservatively and have a consolidated cash balance at 30 September 2012 of $6.1 million. We are cognisant of the business conditions in which we operate and the fact that our growth, as it arises, will require funding. This can be achieved by a variety of means – reinvesting profits, borrowing, realisation of assets not aligned with the emerging strategy, and of course access to shareholders if we can demonstrate a compelling case or compelling need.

As our business develops over the next 12 months we will carefully manage our cash reserves balancing operating cash requirements and growth opportunities.

In Summary

I reiterate the Board's target of returning to profits in the year ending 30 June 2013. We have some economic uncertainties which are affecting our businesses however management and the Board are making the appropriate changes in our operations to manage those challenges.

Our UAS business is very exciting and I look forward to the next 12 months which will reveal where that will take us.

Thank you.

Terry Stinson will now address you; we will then turn to the formal business of the meeting and provide an opportunity for questions.