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15 Hoe Chiang Road, #12-05 Tower Fifteen, Singapore 089316

Singapore and Australia
11 October 2017

Disclaimer of opinion by Auditor of the Financial Statements for the year ended 30 June 2017

Pursuant to Rule 704(5) of the Listing Manual, the Board of Directors of AusGroup Limited (the "**Company**") together with its subsidiaries (the “**Group**”) wishes to announce that the independent auditor of the Company, KPMG LLP, has issued a disclaimer of opinion in their Independent Auditor's Report dated 22 September 2017 for the financial statements of the Company and the Group for the financial year ended 30 June 2017.

Please refer to the copy of the aforementioned Auditor’s Report (Appendix 1), together with an extract of the relevant notes to the Financial Statements (Appendix 2) for further information.

By Order of the Board
AusGroup Limited

Eng Chiaw Koon
Managing Director
11 October 2017

Ends

Issued by AusGroup Limited.

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ABOUT AUSGROUP LIMITED (Bloomberg Ticker: AUSG.SP)
Main board-listed, AusGroup Limited is an energy and resources specialist providing fabrication, precision machining, construction and integrated services to natural resource development companies. The Company also provides access services for construction and maintenance contracts through MAS Australasia Pty Ltd (MAS). AusGroup has an established operations network strategically positioned throughout Australasia. For more information visit **www.agc-ausgroup.com**

Appendix 1 - Independent Auditor's report to the members of AusGroup Limited

Report on the financial statements

Disclaimer of Opinion

We were engaged to audit the financial statements of AusGroup Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 30 to 95.

We do not express an opinion on the accompanying financial statements of the Group. Because of the significance of the matters described in the Basis of Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(a) The Group’s non-current assets at 30 June 2017 include property, plant and equipment of AU$43.4 million (note 11) and intangible asset of AU$31.7 million (note 13) attributable to the Port and Marine cash-generating unit (“CGU”). As disclosed in note 24 to the financial statements, the Company has estimated the recoverable amount of the Port and Marine CGU based on a fair value less cost of disposal basis. We were unable to obtain sufficient appropriate audit evidence regarding the key assumptions applied to arrive at the recoverable amount of the Port and Marine CGU. Consequently, we were unable to determine whether any adjustments were necessary in respect of the accompanying consolidated balance sheet of the Group as at 30 June 2017, consolidated statement of comprehensive income and consolidated statement of changes in equity for the year then ended.

(b) From (a) described above, we were unable to determine whether any adjustment to the carrying amount of the investments in subsidiaries shown in the Company’s balance sheet was necessary.
Of the Company’s non-current assets of AU$178.0 million as at 30 June 2017, AU$29.1 million relates to investments in subsidiaries and receivables of AU$52.6 million owing from subsidiaries which comprise the Group’s Port and Marine CGU.

As a consequence of the standalone materiality of these items above and the possible impact upon other balances within the financial statements, we considered the potential impact to be material and pervasive to the overall financial statements. In reading these matters in the financial statements we also draw attention to Notes 2(a) and 17 which disclose the conditions that indicate the existence of material uncertainties surrounding the continuing use of the going concern assumption in the preparation of the financial statements.

Other Matter

The consolidated financial statements of the Group and the balance sheet of the Company for the year ended 30 June 2016 were audited by another auditor who expressed a disclaimer of opinion on those statements on 24 November 2016.

The basis of the disclaimer of opinion for the year ended 30 June 2016 was due to:

(a) The Group’s non-current assets at 30 June 2016 relating to the Port and Marine CGU amounted to AU$84.1 million. Included, in the Company’s non-current assets at 30 June 2016, an investment of AU$30.9 million in a subsidiary, Ezion Offshore Logistics Hub Pte Ltd, which holds investments in other subsidiaries that operate the Group’s Port and Marine CGU. As a result of the inability to obtain sufficient appropriate audit evidence over the recoverable amount of the Group’s Port and Marine CGU, the other auditors were unable to determine whether any adjustment to the accompanying Group and Company stand alone financial statements were necessary.

Independent Auditor's report to the members of AusGroup Limited (continued)

Report on the financial statements (continued)

(b) The Group incurred a net loss of AU$258.9 million for the financial year ended 30 June 2016 and had net liabilities and net current liabilities of AU$14.9 million and AU$115.2 million respectively as at that date. In addition, the Company had net liabilities of AU$9.3 million as at 30 June 2016. Furthermore, the ability of the Group and the Company to meet the terms and conditions of their borrowings was dependent on its ability to generate sufficient cash flow and the successful implementation of various restructuring/refinancing options. The other auditor was unable to obtain sufficient appropriate audit evidence regarding the ability of the Group and the Company to generate sufficient cash flow and were therefore unable to conclude whether the use of the going concern assumption, which was adopted for the preparation of the financial statements for the year ended 30 June 2016, was appropriate.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50, (the Act) and Financial Reporting Standards in Singapore (FRSs), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

Auditors’ responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the consolidated financial statements in accordance with Singapore Standards on Auditing and to issue an auditor’s report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on other legal and regulatory requirements

In our opinion, except for the possible effects of the matters described in the Basis for Disclaimer of Opinion section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors’ report is Chiang Yong Torng.

KPMG LLP
Public Accountants and Chartered Accountants

Singapore
22 September 2017

Appendix 2 - Extracts from the financial statements for the year ended 30 June 2017

2 Summary of significant accounting policies (extract)

(a) *Basis of preparation (extract)*

Going Concern

The Group recognised a net profit after tax of AU$4.6 million for the year ended 30 June 2017 and as at that date, current liabilities exceed current assets by AU$2.9 million. Following the debt to equity conversion exercise completed in the year, total assets now exceed total liabilities by AU$23.3 million, a significant improvement from the prior year. While the Group has breached covenants on its major debt facilities during the year ended 30 June 2017, it has received waivers for these breaches by its principal banker for the financial year ended 30 June 2017.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its obligations as and when they fall due. The paragraphs below outline the going concern basis.

Renegotiation of debt facilities

The Group discusses its debt arrangements with its principal banker on an ongoing basis. In May 2017, the Group agreed with its principal banker to convert a short-term loan to a term facility but with an expiry date of 31 December 2019. The revised loan documentation had not been finalised prior to the year-end and the loan has been classified as a current liability as at 30 June 2017. The ongoing support from the Group's principal banker is critical.

In relation to facilities from its principal banker, the Group is in the process of agreeing appropriate covenants with its principal banker going forward. However, the Group received waivers from its principal banker for Quarter 1, Quarter 2, Quarter 3 and Quarter 4 of the 2017 financial year.

During the year ended 30 June 2017 the Group had been in breach of a number of the financial covenants attached to the S$110m Multi Currency Notes (the "Notes"). An extension of the maturity date of the Notes facility to 20 October 2018, with an option to extend to 20 October 2019 on the approval of the Noteholders, together with the removal of the financial covenant requirements was approved by the Noteholders on 5 October 2016.

In addition, the Group has a loan from Ezion Holdings Limited ("Ezion"), a substantial shareholder of the Group, which is currently due to be repaid after 31 December 2018. The interest rate applicable to the loan was reduced from 8% to 5% per annum, as agreed by the Group and Ezion, effective from 1 July 2016.

As explained above, the financial statements have been prepared on a going concern basis, on the premise of the favourable resolution of the following:

(i) the Group's ability to refinance, convert or extend the maturity of the Notes of AU$73.9 million from Noteholders before the Notes become due and payable on 20 October 2018. On 11 September 2017, the Group announced an offer to Noteholders to convert notes to equity which, if successful, may reduce the borrowings by between AU$2 million to AU$5 million;

(ii) the Group's ability to continue obtaining waivers from its principal bankers on a quarterly basis, without causing these loans to become repayable on demand; and to complete the loan documentation to convert the AU$13.9 million short term loan into a term facility expiring on 31 December 2019; and

(iii) the Group's ability to continue obtaining support from a substantial shareholder of the Company in relation to the AU$32.0 million loan due after 31 December 2018.

These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going concern if the covenant waivers from its principal bankers were not received and/or the substantial shareholder does not continue providing financial support and/or the re-financing plans, as described above, were not timely executed to meet the Group's debt obligation as and when they fall due.

Port and Marine services

Following the environmental approval granted to the Group in Q2 FY2017, the NT Port and Marine CGU (Cash Generating Unit), now has the opportunity to continue further commercialisation of the Port Melville facility.

The expansion of the port activities, including fuel distribution and logistical support to the oil and gas exploration sector, is currently being developed to expand the service offerings of this business.

2 Summary of significant accounting policies (extract, continued)

(a) *Basis of preparation (extract, continued)*

Management's plans to address these uncertainties

In considering the cash requirements for NT Port and Marine's expansion into the provision of fuel distribution and the resultant impact on the current debt profile of the Group it was critical for the Group to assess the potential options for the Group to service, repay and potentially restructure the debt position going forward. As part of the assessment of going concern, management has also reviewed the Group's cash flow forecasts over the period to 31 December 2018, including sensitivities such as slower take-up of revenues from the NT Port and Marine. These forecasts represent management's best estimate of revenues and costs in the coming periods. As well as cash inflows from work already awarded to the Group, these forecasts include growth expected from the Group's existing contracts and client base. In addition, there are some amounts included in forecast cash flows which relate to winning work from new and existing clients through a competitive tender process and whilst uncertain, management remains confident that sufficient new work will be secured in order to meet the Group's targets. The Group's cash flow forecasts may not be sufficient to support the repayment of the Notes, which will be due on 20 October 2018 and, therefore the Group has also assessed the position of the Notes. In addition, the Group has an alternative at the election of the Noteholders, to defer maturity of the Notes to 20 October 2019 upon an Extraordinary Resolution of shareholders being passed in accordance with the Trust Deed. In the event that the Notes are not extended beyond 20 October 2019, the Group will need to consider the options available to extinguish this liability, which may involve a restructure of the Notes including the potential conversion of Notes to equity, a refinancing of the Notes and options over the potential divestment of assets or businesses which may be realised to extinguish the Group's debt obligations. On 11 September 2017, the Noteholders were invited to convert notes to equity in the capital of the Company (See Note 34(ii) for more details).

Management has assessed the options available in order to ensure that sufficient cash flow is in place to enable the Group to meet its obligations as they fall due. There are a number of options that the Group is considering which, amongst others, include the potential for some of the Group's current debt providers to convert their debt to equity which has the dual impact of reducing the liability position and reducing the cash outflows from debt servicing after conversion, the potential for raising new equity and the potential divestment of the Group's assets/businesses over the forecast period. The success of the debt to equity process completed in June 2017, which reduced debt by AU$34.1 million, demonstrates the ability of the Group to implement balance sheet restructuring solutions to strengthen the balance sheet and reduce ongoing interest expenses thereby improving the going concern position of the Group. The Group is also in ongoing discussions with its principal banker regarding appropriate debt facilities going forward. In May 2017, the Group agreed with its principal banker to convert a short-term loan to a term facility with an expiry date of 31 December 2019, subject to final documentation.

Preparation of the financial report on a going concern basis

As a result of the matters outlined above, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, after assessing the above factors the directors consider that the Group continues to be able to meet its obligations as and when they fall due based on:

- the forecasted cashflow from the Group including the expected revenue from existing customers and contracts, the expected growth in cashflow from existing customers and contracts and the expected successful conversion of current market tendering opportunities into future revenues;
- the potential to defer maturity of the Note facility by 12 months to 20 October 2019 at the election of the Noteholders;
- the current and potential funding facilities available to the Group;
- alternatives for the Group to restructure and potentially extend its current debt facilities and the initiatives being pursued, which may include a further conversion of some of these debts to equity;
- the forecasted cashflow being sufficient to service, assuming the Note facility is refinanced or extended, and potentially reduce the Group's debt position over the period to December 2018;
- the ability to continue to obtain support in relation to the shareholder loan due after 31 December 2018 from a substantial shareholder of the Company; and
- the potential options over the potential divestment of assets or businesses which may be realised to extinguish the Group's debt obligations.

Accordingly, the directors have prepared the report on a going concern basis.

11 Property, plant and equipment (extract)

(i) *Impairment loss*

During the year ended 30 June 2017, the Group recognised nil impairment loss (2016: $90.9 million) with respect to property, plant and equipment. Refer to note 24 for further details. At 30 June 2017 the carrying amount (net of impairment) of property, plant and equipment relating to the Port and Marine CGU amounted to AU$43.5 million (2016: AU$50.7 million).

13 Other intangible assets (extract)

(i) *Impairment loss*

At 30 June 2016, the Group recognised an impairment loss of AU$54.3 million. Refer to note 24 for further details of the charge in 2016. At 30 June 2017, the carrying amount (net of impairment) of intangible assets relating to the Port and Marine CGU amounted to AU$31.7 million (2016: AU$33.4 million).

24 Impairment of non-current assets (extract)

(a) *Impairment charges recognised in the financial statements (extract)*

The following table shows the impairment charges recognised in the financial statements as a result of these assessments:

	2017		2016	
Impairment of CGUs based on year end assessment	**Method**	**Impairment charge**	**Method**	**Impairment charge**
		AU$'000		**AU$'000**
Port and Marine	FVLCD*	**-**	FVLCD	136,067

**Fair value less costs to dispose*

(i) *Material impairment assessment of CGUs for the current year (extract)*

Port and Marine: Fair value less costs of disposal basis

Management engaged an independent external expert specialising in valuation of similar assets to assist in determining the recoverable value of the CGU. The valuation model uses an income based approach, and is based on the present value of expected cash flows in the business over the life of the right to operate the port held by the Group. The fair value measure was categorised as level 3 fair value based on the inputs in the valuation techniques used.

The recoverable amount of the Port and Marine CGU is estimated to be $81.3 million (2016: $70.0 million) on a FVLCD basis. The carrying amount of the CGU as at 30 June 2017 was $73.3 million (2016: $70.0 million). There is no impairment recognised in the year (2016: $136.1 million).

(b) *Key assumptions (extract)*

Impairment testing is an area involving significant management judgement. The calculation of recoverable amounts, particularly in relation to VIU models and where the present value of future cash flows is used as the basis to determine FVLCD, has required management to select appropriate assumptions in order to determine the most appropriate impairment result.

(ii) *Key assumptions in FVLCD models*

In 2017 the recoverable amount has been determined on a FVLCD basis for the Port and Marine CGU, with the valuation principle based on the present value of future cash flows. The following sets out the key assumptions in the Port and Marine FVLCD model.

24 Impairment of non-current assets (extract, continued)

(b) *Key assumptions (extract, continued)*

The operations included in the valuation model of the Port and Marine CGU are based on the activity of Port Melville, related assets and the activity of the supply base located in Darwin. The port commenced operations in November 2015 and following the re-structuring of the CGU at the end of FY2016, the CGU was reassessed and changes were made to the operating model, to ensure that the business model reflected a more focussed and targeted service offering based on marine fuel sales and woodchip sales. The main focus of the Port Melville operations based on these two activities is to provide the platform for the oil and gas operators to utilise not just the option of more accessible fuel but also the use of the Port Melville industrial precinct and storage laydown facilities.

The delays in the full commercialisation of the port caused by not receiving the Northern Territory (NT) environmental approvals have been removed having received approval from the NT Environmental department for the right to operate and provide port services in late 2016 following procedural clearance from the NT Environment Minister and the CGU is now actively developing plans for commercialisation of the business based primarily on establishing a fuel sales revenue stream.

In the prior year, the Group engaged external specialists in the field of Port and Marine Services with specific expertise in the economic forecast for oil and gas developments, to perform a FVLCD valuation on a discounted cash flow basis as at 30 June 2016 of the oil and gas related opportunities for the Port and Marine CGU. The value derived from the woodchip and fuel sales revenue stream assumptions have been added to expert's valuation to determine the FVLCD for the current year.

Forecast revenue assumptions

Fuel Supply & Sales

The provision of marine fuel from the Port Melville base will provide alternatives to the current supply options from Darwin and other ports targeting a diverse range of potential clients operating in various industries and will include Australian Commonwealth Government departments, oil and gas exploration, production and service companies, commercial maritime transport industry, international specialist vessels, domestic market consumption, NT Government requirements (i.e. power generation and industrial market requirements) - these departments and industry sectors require fuel for their operations and currently are restricted to a single supply point in Darwin.

Management has conducted research into the market for fuel in the NT region and has sought independent advice from a marine fuel expert. This advice has provided inputs into the market volumes, customer profiling, pricing strategies at play in the market and overall fuel supply chain methodologies to assist with determining key assumptions for the FVLCD model.

The Group's research has determined that there is opportunity to provide an alternative fuel supply base on Port Melville to the Port of Darwin and will target market penetration initially concentrated on the domestic markets and then leveraging off this to secure supply contracts within the international markets.

Port and Marine will establish a marketing network working with oil and gas clients to establish market volumes required to support the asset base.

Port and Marine Services also provides services to the Tiwi Islands and vessels servicing NT waters such as port services and accommodation and with the intended expansion of marine fuel services to include fuel sales, storage and laydown services and provide an industrial precinct. The expansion of these services is intended to elevate Port & Marine to be a sustainable ongoing concern by creating a multi service business providing services to the oil and gas market, general marine market and continuing to support the local Tiwi community.

Woodchips sales

The other key source of revenue included in the Port and Marine valuation is the revenue earned on the woodchip sales which includes royalties and port service income. There is ample resource on Tiwi Island to service this industry and the client requirements for the life of the model as they adopt more mature plantation and forestry techniques.

24 Impairment of non-current assets (extract, continued)

(b) *Key assumptions (extract, continued)*

Other sales revenues (Oil and Gas exploration)

The market share attributed to Port Melville in relation to servicing the oil and gas industry in exploration basins within the proximity of Port Melville has been based on the independent expert's assessment of the overall market, combined with a review of other competing facilities in the area, in order to capture the share expected to be attributable to the Port Melville operation through successful award of oil and gas contracts.

The independent valuation expert's report was produced at the end of calendar year 2016 and is still relevant for 2017. The report has considered revenue from expected/foreseeable contracts based on the current operations of Port Melville, ongoing discussions with potential customers as advised by management and from Port Melville, associated with the oil and gas exploration sector. The approach taken to modelling forecast revenue has been bottom up, beginning with a view on oil and gas activity expected to take place in the catchment area. From this assessment, typical tonnage and fuel assumptions through ports have been estimated, which form the basis of a view on total revenues. These revenues have then been risk adjusted according to the ability of Port Melville to secure them.

Over the life of the right to operate the port (valid until 2059), the total market has been assessed based on the current activity in the area, but has also taken into account possible development and capital spend in oil and gas as this may lead to additional revenue streams when these projects come online. These include development of various fields, primarily within the Bonaparte Basin, but excludes revenue for development of fields currently expected to occur after 2035 as the income is not considered to have sufficient certainty at this stage. Revenue has been included for the full valuation period up to 2059 for some other areas, where the Group has existing revenue streams, as there is considered to be a greater level of certainty attached to these items.

The value of the revenue streams identified above has been determined based on application of the Group's published port tariff.

Other revenue (storage and laydown services)

Other revenue included in the model relates to similar revenue which may arise from future potential contracts which are currently being discussed, and from laydown and storage rental to oil and gas customers. The same port tariff has been applied to these sources of revenue as for direct oil and gas revenues described above.

Discount rate

The discount rate applied to the valuation model was 11.2% post tax nominal (pre-tax equivalent: 16.0% for the Port and Marine business). It was prepared by a second independent advisor to determine the most appropriate rate to apply to the forecast cash flows, after considering risk adjusted forecast oil and gas revenue and the current operations of the Port and Marine business which are not linked to the oil and gas industry.

Other assumptions

In addition to revenue assumptions outlined in detail above, the following are also considered to have a significant impact on the resulting CGU valuation:

24 Impairment of non-current assets (extract, continued)

(b) *Key assumptions (extract, continued)*

Area	Basis of assumption
Port tariff	The rates used in the valuation are based on the Group's current published tariff table. Historic data concerning annual increases in port tariff applied by other ports has been used in order to determine the inflation rate used in the calculation of model revenue in future years. The forecast tariff rates were benchmarked by the independent expert based on their prior experience in valuing ports.
Fuel Volumes	Fuel sales have been determined after research into the total NT / Darwin market volumes for prior years and factoring in expected growth for 2018 and 2019 (base years for the model). Growth in volumes has been assumed based on a growing market share as market participation and penetration increases.
Fuel Sales	Prices have been based on market research and through discussions with stakeholders to determine a range of values that could be determined for the domestic based customers and a different sales mix for the international customers. The independent fuel sales expert has provided indications on likely sales price ranges indicative of the respective market sectors.
Fuel Prices (cost of purchase)	Prices have been determined by obtaining quotations from current market leading suppliers and comparing on a comparative basis. The prices have all been quoted for deviation costs from the normal shipping routes to call at Port Melville and have been included as a sunk cost in all pricing.
Costs	The costs used in the valuation model are consistent with the current operating costs required to operate the facilities at East Arm, Darwin, Port Melville and cargo vessels and are deemed appropriate to operate the facilities in future years.
Capex	The level of Capex in the valuation model has been determined based on what is required to develop a full service offering to support the business operations foreseen in the model. The majority of Capex already spent on the Port Melville assets (approximately $60m pre-impairments) relates to the fuel farm and the three 10 million litre tanks.
Period of cash flows	The model has been based on the remaining term of the right to operate the port already held in the Group (terminates in 2059). No activity has been assumed beyond the current term of this right and no terminal value has been assumed. Please also refer to discussion of forecast revenue above which highlights a distinction in assumptions adopted pre and post 2035 based on assessment of the level of certainty attached to particular revenue streams.
Cost inflation	Costs have been assumed to increase based on the consumer price index.

The valuation presented in the financial statements is therefore calculated based on a number of significant assumptions. The stated assumptions for the valuation have been determined in accordance with the following background and uncertainties concerning future activity:

- Estimates of revenue are partially dependent on securing contracts in relation to specific customer projects which have not yet commenced in all chosen market sectors including the oil and gas industries and in the newly developed target markets of potential marine fuel sales over the remaining 42 year asset life, and although management remain confident that there will be projects available to support the revenue assumptions, there is uncertainty that all these projects will be available or that Port Melville will capture the proportion of these projects foreseen in the model (refer to note 24 (c) in relation to sensitivities in revenue);
- Fuel prices may vary over time and therefore the amount of inventory held at any one time will be estimated such that there are sufficient volumes to meet imminent shipping requirements in order to avoid price erosion on margins based on spot sales contracts.
- Market penetration and market share criteria data are largely untested and will have to be proven in order for a successful order consumption as this underpins the basis of the valuation model
- Some of the projected revenue is also dependent on activity in the oil and gas industry which tends to be cyclical and therefore modelled activity may differ in timing and/or extent from that actually experienced in the coming years.
- Estimates of fuel volumes available in the market are determined by management's best estimates based on available market information coupled with considered opinion from the independent fuel expert.
- There are other ports, including Port Darwin, operating in the area which may take a different proportion of the market than projected, although projections of estimated revenue volume (which in turn is a key driver of other key model inputs such as estimated costs and capital expenditure) have taken into account the relative positions of these ports and therefore the risk in this area has been carefully considered.

24 Impairment of non-current assets (extract, continued)

(b) *Key assumptions (extract, continued)*

Please refer to note 24 (c) for numerical information regarding the sensitivity of the impairment charge recognised to reasonably possible changes in key assumptions. This includes the key assumption of revenue, but also considers other reasonably possible changes in the most significant assumptions discussed in this section.

(c) *Sensitivity of impairment models to changes in assumptions*

The following table sets out the sensitivity of the Group's results in relation to reasonably possible changes in assumptions used in determining recoverable value in relation to CGUs where impairments have been recognised in the year:

	Potential increase/ (decrease) in impairment charge
	2017 $'million
Port and Marine	
Fuel sales price decreased by 5%	**(11.6)**
Fuel sale price increased by 5%	**11.6**
Fuel volumes increased by 10%	**9.0**
Fuel volumes decrease by 10%	**(9.0)**
Discount rate increased by 1.0%	**(9.2)**
Discount rate decreased by 1.0%	**11.3**
Revenue port tariffs increased by 10%	**(3.1)**
Revenue port tariffs decreased by 10%	**3.1**