

TABLE OF CONTENTS

Item No	Description
	FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
1(a)(i)	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
1(a)(ii)	NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
1(b)(i)	BALANCE SHEET
1(b)(ii)	BORROWINGS AND DEBT SECURITIES
1(c)	CONSOLIDATED STATEMENT OF CASH FLOWS
1(d)(i)	STATEMENT OF CHANGES IN EQUITY
1(d)(ii),(iii),(iv)	DETAILS OF CHANGES IN SHARE CAPITAL
2	AUDIT
3	AUDITOR'S REPORT
4	ACCOUNTING POLICIES
5	CHANGES IN ACCOUNTING POLICIES
6	EARNINGS PER SHARE
7	NET ASSET VALUE
8	REVIEW OF GROUP PERFORMANCE
9	VARIANCE AGAINST PROSPECT STATEMENT
10	PROSPECTS
11/12	DIVIDEND
13	IPT MANDATE
14	CONFIRMATION BY THE BOARD
15	NEGATIVE ASSURANCE

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

1(a) (i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Amounts expressed in thousands of Australian Dollar (“AU\$”) currency)
These statements have not been audited.

	GROUP		+ / (-) %	GROUP		+ / (-) %
	3Q 2017 AU\$'000	3Q 2016* AU\$'000		9M 2017 AU\$'000	9M 2016* AU\$'000	
<u>Continuing operations</u>						
Revenue	107,441	116,418	(7.7)	313,807	368,190	(14.8)
Cost of sales	(91,677)	(103,946)	(11.8)	(278,629)	(342,713)	(18.7)
Gross profit/(loss)	15,764	12,472	26.4	35,178	25,477	38.1
Gross margin	14.7%	10.7%		11.2%	6.9%	
Other operating income	190	1,188	(84.0)	1,180	1,212	(2.6)
Other operating costs	(4,166)	(6,346)	(34.4)	(9,174)	(65,177)	(85.9)
Impairment of other assets	-	(10,028)	N.M.	-	(10,028)	N.M.
Administrative expenses	(3,514)	(8,106)	(56.6)	(12,275)	(18,242)	(32.7)
Marketing and distribution expenses	(170)	(602)	(71.8)	(921)	(1,643)	(43.9)
Profit / (loss) from operations	8,104	(11,422)	N.M.	13,988	(68,401)	N.M.
Finance costs	(4,701)	(5,300)	(11.3)	(12,658)	(10,556)	19.9
Profit / (loss) before income tax	3,403	(16,722)	N.M.	1,330	(78,957)	N.M.
Income tax (expense) / benefit	(359)	697	N.M.	(666)	(33)	N.M.
Profit/ (loss) from continuing operations	3,044	(16,025)	N.M.	664	(78,990)	N.M.
<u>Discontinued operations</u>						
Profit/(loss) from discontinued operations, net of tax	233	(8,139)	N.M.	1,546	(14,468)	N.M.
Net profit / (loss) for the period	3,277	(24,164)	N.M.	2,210	(93,458)	N.M.
Net profit / (loss) %	0.03	(0.21)		0.01	(0.25)	
<u>Profit / (loss) attribute to:</u>						
Owners of the Company	3,347	(24,088)	N.M.	2,372	(93,166)	N.M.
Non-controlling interests	(70)	(76)	(7.9)	(162)	(292)	(44.5)
	3,277	(24,164)	N.M.	2,210	(93,458)	N.M.
<u>Profit / (loss) attribute to the owners of the Company:</u>						
Profit/(loss) from continuing operations	3,114	(15,949)	N.M.	826	(78,698)	N.M.
Profit/(loss) from discontinued operations	233	(8,139)	N.M.	1,546	(14,468)	N.M.
	3,347	(24,088)	N.M.	2,372	(93,166)	N.M.
<u>Earnings / (loss) per ordinary share attributable to equity holders of the Company (cents)</u>						
- basic	0.5	(3.3)	N.M.	0.3	(12.6)	N.M.
- diluted	0.5	(3.3)	N.M.	0.3	(12.6)	N.M.

N.M. - Not meaningful

1(a) (i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	GROUP			GROUP		
	3Q 2017	3Q 2016*	+ / (-) %	9M 2017	9M 2016*	+ / (-) %
	AU\$'000	AU\$'000		AU\$'000	AU\$'000	
Profit/(loss) for the period	3,277	(24,164)	N.M.	2,210	(93,458)	N.M.
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences	(1,659)	(7,357)	(77.5)	5,193	(502)	N.M.
Other comprehensive (loss)/income for the period	(1,659)	(7,357)	(77.5)	5,193	(502)	N.M.
Total comprehensive (loss)/income for the period	1,618	(31,521)	N.M.	7,403	(93,960)	N.M.
Total comprehensive income/(loss) attribute to:						
Owners of the Company	1,626	(31,490)	N.M.	7,528	(93,685)	N.M.
Non-controlling interests	(8)	(31)	(74.2)	(125)	(275)	(54.5)
	1,618	(31,521)	N.M.	7,403	(93,960)	N.M.

*Prior periods' consolidated statement of comprehensive income and accompanying notes have been re-presented following fabrication and manufacturing operations in Singapore being classified as discontinued operations. Refer to note 5 for further details.

1(a)(ii) NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

A. PROFIT/(LOSS) FROM CONTINUING OPERATIONS

The following items have been included in determining the profit/(loss) before taxation

	GROUP			GROUP		
	3Q 2017	3Q 2016*	+ / (-) %	9M 2017	9M 2016*	+ / (-) %
	AU\$'000	AU\$'000		AU\$'000	AU\$'000	
Other operating income						
Interest income	77	177	(56.5)	165	406	(59.4)
Profit on disposal of property, plant and equipment	22	520	(95.8)	274	910	(69.9)
Sundry income	(191)	636	N.M.	370	830	(55.4)
Foreign exchange income / (loss)	282	(145)	N.M.	371	(934)	N.M.
Total other operating income	190	1,188	(84.0)	1,180	1,212	(2.6)
Amortisation and depreciation						
Depreciation of property, plant & equipment included in cost of sales	2,281	1,979	15.3	7,041	5,965	18.0
Amortisation of intangible assets included in cost of sales	105	94	11.7	527	264	99.6
Depreciation of property, plant & equipment included in administrative expenses	122	290	(57.9)	366	838	(56.3)
Amortisation of intangible assets included in administrative expenses	653	1,723	(62.1)	1,647	4,201	(60.8)
Total amortisation and depreciation	3,161	4,086	(22.6)	9,581	11,268	(15.0)

1(a) (ii) NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

A. PROFIT/(LOSS) FROM CONTINUING OPERATIONS (CONTINUED)

	GROUP			GROUP		
	3Q 2017	3Q 2016*	+ /(-)	9M 2017	9M 2016*	+ /(-)
	AU\$'000	AU\$'000	%	AU\$'000	AU\$'000	%
Employee share and share option scheme expense	144	270	(46.7)	632	864	(26.9)
Impairment of receivables	1,845	1,847	(0.1)	1,922	46,468	(95.9)
Research and development tax credits	-	-	N.M.	-	13,723	N.M.
Restructuring and transformation costs	-	1,997	N.M.	-	3,430	N.M.
Impairment of other assets - inventory	-	5,000	N.M.	-	5,000	N.M.
Impairment of other assets - property, plant and equipment	-	5,028	N.M.	-	5,028	N.M.

B. FINANCE COSTS

	GROUP			GROUP		
	3Q 2017	3Q 2016*	+ /(-)	9M 2017	9M 2016*	+ /(-)
	AU\$'000	AU\$'000	%	AU\$'000	AU\$'000	%
Loans	4,654	5,177	(10.1)	12,526	10,364	20.9
Bank guarantee fees	47	121	(61.2)	130	186	(30.1)
Finance leases and hire purchase	-	2	N.M.	2	6	(66.7)
Total finance costs	4,701	5,300	(11.3)	12,658	10,556	19.9

C. INCOME TAX (EXPENSE)/BENEFIT

	GROUP		GROUP	
	3Q 2017	3Q 2016*	9M 2017	9M 2016*
	AU\$'000	AU\$'000	AU\$'000	AU\$'000
Profit/(loss) before income tax from continuing operations	3,403	(16,722)	1,330	(78,957)
Profit/(loss) before income tax from discontinued operations	233	(8,139)	1,546	(14,468)
	<u>3,636</u>	<u>(24,861)</u>	<u>2,876</u>	<u>(93,425)</u>
Prima facie taxation calculated at applicable rate on profit/(loss) before income tax	(1,548)	2,328	(1,346)	22,932
Tax effect of non-assessable/(non-deductible items)	1,275	2,750	929	(27)
Research and development tax incentives	-	-	-	(4,117)
Income tax (expense)/benefit	<u>(273)</u>	<u>5,078</u>	<u>(417)</u>	<u>18,788</u>
Potential tax benefit for which no deferred tax asset has been recognised	(86)	(4,381)	(249)	(18,821)
Total income tax (expense)/benefit	<u>(359)</u>	<u>697</u>	<u>(666)</u>	<u>(33)</u>
Income tax expense percentage (%) - continuing operations	10.5%	4.2%	50.0%	0.0%
Tax expense relating to continuing operations	(359)	697	(666)	(33)
Tax expense relating to discontinued operations	-	-	-	-
Total income tax (expense)/benefit	<u>(359)</u>	<u>697</u>	<u>(666)</u>	<u>(33)</u>



1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group As at 31/03/2017 AU\$'000	Group As at 30/06/2016 AU\$'000	Company As at 31/03/2017 AU\$'000	Company As at 30/06/2016 AU\$'000
CURRENT ASSETS				
Cash and cash equivalents	27,865	22,095	138	16
Trade receivables	116,271	132,864	-	-
Other receivables and prepayments	7,753	9,995	596	6,613
Inventories	7,442	6,759	-	-
Total current assets	159,331	171,713	734	6,629
NON-CURRENT ASSETS				
Property, plant and equipment	87,843	96,358	-	-
Goodwill	10,994	10,994	-	-
Other intangible assets	37,393	39,970	-	-
Other receivables and prepayments	367	3,627	-	-
Due from subsidiaries	-	-	91,747	49,514
Investments in subsidiaries	-	-	66,722	83,632
Total non-current assets	136,597	150,949	158,469	133,146
Total assets	295,928	322,662	159,203	139,775
CURRENT LIABILITIES				
Trade payables	47,500	58,776	-	-
Other payables	63,687	65,225	1,675	3,357
Due to subsidiaries	-	-	7,920	8,951
Borrowings	18,335	139,957	17,102	136,736
Accruals for other liabilities and charges	18,618	21,365	-	-
Current income tax liability	-	-	182	93
Provisions	93	1,580	-	-
Total current liabilities	148,233	286,903	26,879	149,137
NON-CURRENT LIABILITIES				
Deferred income tax liabilities	1,849	1,977	-	-
Borrowings	151,328	39,193	151,328	-
Accruals for other liabilities and charges	1,350	2,149	-	-
Provisions	-	7,307	-	-
Total non-current liabilities	154,527	50,626	151,328	-
Total liabilities	302,760	337,529	178,207	149,137
EQUITY				
Capital and reserves attributable to equity				
Share capital	128,040	128,040	128,040	128,040
Capital reserve	(163)	(163)	(163)	(163)
Share-based payment reserve	5,027	4,395	5,027	4,395
Foreign currency translation reserve	20,565	15,409	13,631	24,615
Accumulated losses	(159,077)	(161,449)	(165,539)	(166,249)
Total equity attributable to owners	(6,608)	(13,768)	(19,004)	(9,362)
Non-controlling interests	(1,224)	(1,099)	-	-
Total equity	(6,832)	(14,867)	(19,004)	(9,362)
Total liabilities and equity	295,928	322,662	159,203	139,775



1(b)(ii) Aggregate amount of group's borrowings and debt securities

	31/03/2017		30/06/2016	
	AU\$'000	AU\$'000	AU\$'000	AU\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	18,335	-	31,227	108,730
Amount repayable after one year	112,005	39,323	43	39,150

Multi Currency S\$110m Notes

On 20 October 2014, the Company (the "issuer") announced that it had issued S\$110m 7.45% Notes due in 2016 (the "Notes") pursuant to the S\$350m Multicurrency Debt Issuance Programme (the "Programme") established by the Issuer on 22 September 2014. DBS Bank Ltd., as sole arranger of the Programme, acted as the sole lead manager and bookrunner in relation to the issuance of the Notes. The Notes, which bear interest at a fixed rate of 7.45% per annum and payable semi-annually in arrears, were due to mature on 20 October 2016.

On 13 September 2016 the Company commenced the S\$110m Noteholder Consent Solicitation Exercise (the "NCSE") to vary the terms of the Notes. On 5 October 2016 the Noteholders voted in favour of the NCSE, and consequently the terms of the Notes are amended as follows with effect from that date:

- An upfront partial redemption of the Notes of S\$4.0m was made on 18 November 2016;
- Maturity of the Notes has been extended to 20 October 2018, with an option to extend the maturity further to 20 October 2019 upon an Extraordinary Resolution being passed in accordance with the Trust Deed;
- Interest will be paid monthly at a rate of 7.95%pa for the year ending 19 October 2017 and 8.45%pa for the year ending 19 October 2018;
- Upon redemption of the Notes, a make-whole premium such that the total interest paid for the period from 20 October 2016 to redemption is equal to 9.45%pa of the original principal value of the Notes;
- Upon redemption of the Notes pursuant to the sale of the Port Assets, then 10% of any capital gains (calculated based on the actual costs incurred) valued on such sale would be payable to the Noteholders on a pro-rata basis;
- Notes are secured, on a shared first ranking basis, against all property and assets of NT Port and Marine Pty Ltd (previously known as Ezion Offshore Logistics Hub (Tiwi) Pty Ltd) on a fixed and floating basis and 100% of the shares of Ezion Offshore Logistics Hub Pte. Ltd ("EOLH") pursuant to a share charge; and
- Financial covenants previously in place with regard to the Notes are removed.

Consistent with the above amendment, the Notes have been reclassified as a non-current liability since the second quarter of FY2017 (30 June 2016: the Notes were classified as a current liability) and are now secured.

Loans from DBS Bank Ltd

On 1 April 2015, the Company announced that AusGroup Limited had entered into a facility agreement for a US\$20m 3 year term loan and AU\$76.5m Banker Guarantee facility with DBS Bank Ltd in Singapore. The loan facility was used to refinance the previous facility at a much reduced all-in interest rate, while extending the Group's debt maturity profile to April 2018. As at 31 March 2017 US\$11.8m of this balance had been utilised (30 June 2016: US\$12.8m).

In 2Q FY2016 the Group entered into an Accounts Receivable Purchase facility with DBS (ARP facility) for key debtor balances. This provided the Group with an AU\$23m facility to be drawn down. As at 31 March 2017, the Group repaid the outstanding amount from the previous quarter, AU\$1.2m, resulting in the drawn down amount being repaid in full (30 June 2016: AU\$2.5m).

In 3Q FY2016 the Group entered into an AU\$30m Short Term loan facility with DBS Bank Ltd. As at 31 March 2017 AU\$14.9m of this balance was drawn down (30 June 2016: AU\$11.0m). The terms of this short term loan include covenant requirements consistent with that of the Group's other DBS facilities (refer below). Repayment of the short term loan was due at the end of August 2016 and it has been extended on a month by month basis by DBS Bank Ltd. In May 2017, AusGroup Limited agreed with DBS Bank Ltd to convert the loan to a term facility with an expiry date of 31 December 2019.

Surety bond facility from Vero

During 4Q FY2015 the Group entered into an AU\$30m Surety bond facility with Vero to ensure the Group maintains its bonding capacity for bid bonds, performance bonds and financial guarantees.

Loans from related party

Loans amounting to AU\$29.8m from Ezion Holdings Limited ("Ezion") (a substantial shareholder of the Company) were acquired by the Group on acquisition of EOLH and Teras Australia Pty Limited ("TAPL") and their subsidiary entities. Under the terms of the sale and purchase agreement as approved by shareholders of both Ezion and the Company, these loans accrue interest at 8% per annum capitalised to the loan balance. At the Annual General Meeting of the Company held on 15 December 2016, the interest rate payable in relation to the loan has been revised to 5% per annum with effect from 1 July 2016.

In addition, the Company, EOLH and TAPL entered into a novation agreement with Ezion to transfer the loans and all rights, duties and obligations therewith owing by EOLH and TAPL to the ultimate parent entity, Ausgroup Limited, with effect from 1 July 2016. An extension of three months of the repayment date of the loans was obtained in the current quarter until after 31 March 2018. At 31 March 2017 the amount owing on the loans by the Company to Ezion was AU\$39.3m (30 June 2016: AU\$39.2m) and is unsecured.

Details of secured collateral

Multi Currency S\$110m Notes

Refer to page 6 of this announcement regarding security that is being pledged against the multi currency Notes following the Noteholder vote in favour of the NCSE on 5 October 2016.

DBS Bank Ltd

The following describes the security in issue to DBS Bank Ltd in relation to facilities and borrowings in issue to the Group.

A deed of charge executed by AGC Australia Pty Ltd incorporating an all-monies charge over the fixed deposit account maintained by AGC Australia Pty Ltd with DBS Bank Ltd ("the Lender") for an amount not less than AU\$11.9m (30 June 2016: AU\$11.6m). A fixed and floating charge executed by AusGroup Ltd, AusGroup Singapore Pte Ltd and Modern Access Services Singapore Pte Ltd in favour of the Lender.

First registered fixed and floating charge over all the present and future property, interests, rights and proceeds of AGC Australia Pty Ltd, AGC Industries Pty Ltd, MAS Australasia Pty Ltd, Seagate Structural Engineering Pty Ltd, AGC Energy & Infrastructure Pty Ltd and Resource People Pty Ltd ("Australian Group Companies"), including real and personal property, goodwill, uncalled and called but unpaid capital.

First registered real property mortgage by AGC Australia Pty Ltd over the commercial properties located at 15 Beach Street, Kwinana WA 6167 and Seagate Structural Engineering Pty Ltd over property located at Lots 17 and 18 Gap Ridge Industrial Estate Karratha WA.



Facility covenants

Multi Currency S\$110m Notes

In accordance with the Noteholder vote in favour of the NCSE on 5 October 2016 (as outlined above), the Group renegotiated the terms of the Notes such that the financial covenants previously in place were removed following completion of the securitisation of the Notes referred to on page 6 of this announcement.

DBS Bank Ltd facilities and loans

AusGroup Limited is required to maintain in relation to the Consolidated Group a maximum gearing ratio as well as a maximum secured debt to total assets, a minimum EBITDA to interest cost cover and a minimum net worth (net assets). To note, the EBITDA to interest cost covenant applies only to stipulated test periods as outlined in the facility documents.

The Group is in breach of the maximum gearing ratio, EBITDA to interest cost cover and minimum net worth covenants at 31 March 2017. However, waivers for these breaches have been obtained from DBS Bank Ltd. The Group has also received a waiver of financial covenants for 4Q FY2017.

The Group continues to discuss loans and facilities with DBS Bank Ltd, including financial covenants, to ensure that appropriate facilities are in place based on the Group's forecast business requirements.

Under the facilities, the Company and the Group have a negative pledge requirement to ensure that no security is created, or permitted to be created, or have outstanding any security on or over the whole or any part of the respective undertakings, assets, property, revenues or rights to receive dividends, present or future.

1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	GROUP 3Q 2017 AU\$'000	GROUP 3Q 2016 AU\$'000	GROUP 9M 2017 AU\$'000	GROUP 9M 2016 AU\$'000
Cash flows from operating activities				
Profit / (loss) after taxation	3,277	(24,164)	2,210	(93,458)
Add / (less) adjustments for:				
Depreciation of property, plant and equipment	2,403	2,759	7,600	8,260
Amortisation of intangible assets	758	1,817	2,068	4,465
Employee share and share option scheme expense	144	270	632	864
Impairment loss on goodwill	-	2,535	-	2,535
Impairment loss on trade receivables	1,845	1,847	1,922	46,468
Impairment loss on other assets	-	12,677	-	12,677
Allowance for foreseeable contract losses	(1,954)	-	(1,954)	-
Net foreign exchange differences	(699)	1,755	(1,900)	1,460
Profit on disposal of property, plant and equipment	(47)	(520)	(2,238)	(920)
Interest income	(77)	(177)	(165)	(406)
Finance costs	4,722	5,078	12,877	10,386
Research and development tax credits	-	-	-	13,723
Income tax expense / (benefit)	359	(697)	666	33
Operating cash flows before working capital changes	10,731	3,180	21,718	6,087
Changes in operating assets and liabilities				
Trade receivables	(842)	23,374	14,672	(15,790)
Other receivables and prepayments	11,179	(2,745)	6,635	(3,086)
Inventories	(173)	(3,043)	(683)	(3,846)
Trade payables	(3,294)	(2,435)	(9,322)	(1,548)
Accruals and other payables	(8,991)	(8,840)	(3,934)	26,230
Provisions	(8,794)	-	(8,794)	-
Cash (used in) / generated from operations	(184)	9,491	20,292	8,047
Interest paid	(5,286)	(2,877)	(11,393)	(9,332)
Interest received	77	177	165	406
Income tax paid	(26)	(331)	(577)	(1,158)
Net cash (used in)/generated from operating activities	(5,419)	6,460	8,487	(2,037)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	2,562	680	4,394	2,381
Purchase of property, plant and equipment	(1,413)	(513)	(3,475)	(21,365)
(Increase in)/Release of restricted cash	-	-	(285)	13,894
Purchase of other intangible assets	-	-	(387)	(274)
Net cash generated from/(used in) investing activities	1,149	167	247	(5,364)

1(c) Consolidated Statement of Cash Flows (continued)

	GROUP 3Q 2017 AU\$'000	GROUP 3Q 2016 AU\$'000	GROUP 9M 2017 AU\$'000	GROUP 9M 2016 AU\$'000
Cash flows from financing activities				
Repayment of finance leases	(1,298)	(3,723)	(2,877)	(8,043)
Proceeds from borrowings	-	1,210	7,296	18,898
Repayment of borrowings	(2,610)	(1,293)	(7,621)	(1,293)
Net cash (used in)/generated from financing activities	(3,908)	(3,806)	(3,202)	9,562
Net (decrease)/increase in cash and cash equivalents	(8,178)	2,821	5,532	2,161
Effect of exchange rate fluctuations on cash held	(3)	(316)	(47)	(297)
Net (decrease)/increase in cash held	(8,181)	2,505	5,485	1,864
Cash and cash equivalents at beginning of period	24,146	6,341	10,480	6,982
Cash and cash equivalents at end of period	15,965	8,846	15,965	8,846
Cash and cash equivalents represented by				
Cash and bank balances	27,865	20,461	27,865	20,461
*Restricted cash	(11,900)	(11,615)	(11,900)	(11,615)
Total cash and cash equivalents at end of period	15,965	8,846	15,965	8,846

*Restricted cash represents cash security held for bank guarantees issued.

- 1(d)(i) A statement (for the issuer and group) showing either**
- (i) all changes in equity, or**
- (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Group	SHARE	CAPITAL	SHARE-	FOREIGN	RETAINED	TOTAL	NON-	TOTAL
	CAPITAL	RESERVE	PAYMENT	CURRENCY	EARNINGS/		CONTROLLING	
	AU\$'000	AU\$ '000	RESERVE	RESERVE	(ACCUMULATED	AU\$'000	INTERESTS	EQUITY
	AU\$'000	AU\$ '000	AU\$'000	AU\$'000	LOSSES)	AU\$'000	AU\$'000	AU\$'000
9M 2017								
Balance as at 1 July 2016	128,040	(163)	4,395	15,409	(161,449)	(13,768)	(1,099)	(14,867)
Loss for the period	-	-	-	-	(975)	(975)	(92)	(1,067)
Other comprehensive income	-	-	-	6,877	-	6,877	(25)	6,852
Share-based payment expense	-	-	488	-	-	488	-	488
Balance as at 31 December 2016	128,040	(163)	4,883	22,286	(162,424)	(7,378)	(1,216)	(8,594)
Profit/(loss) for the period	-	-	-	-	3,347	3,347	(70)	3,277
Other comprehensive (loss)/income	-	-	-	(1,721)	-	(1,721)	62	(1,659)
Share-based payment expense	-	-	144	-	-	144	-	144
Balance as at 31 March 2017	128,040	(163)	5,027	20,565	(159,077)	(5,608)	(1,224)	(6,832)
9M 2016								
Balance as at 1 July 2015	128,040	(163)	3,114	14,058	96,821	241,870	(439)	241,431
Loss for the period	-	-	-	-	(69,078)	(69,078)	(216)	(69,294)
Other comprehensive income/(loss)	-	-	-	6,883	-	6,883	(28)	6,855
Share-based payment expense	-	-	594	-	-	594	-	594
Balance as at 31 December 2015	128,040	(163)	3,708	20,941	27,743	180,269	(683)	179,586
Loss for the period	-	-	-	-	(24,088)	(24,088)	(76)	(24,164)
Other comprehensive (loss)/income	-	-	-	(7,402)	-	(7,402)	45	(7,357)
Share-based payment expense	-	-	270	-	-	270	-	270
Balance as at 31 March 2016	128,040	(163)	3,978	13,539	3,655	149,049	(714)	148,335

1(d)(i) A statement (for the issuer and group) of all changes in equity (continued)

Company	SHARE CAPITAL AU\$'000	CAPITAL RESERVE AU\$'000	SHARE- BASED PAYMENT RESERVE AU\$'000	FOREIGN CURRENCY TRANSLATION RESERVE AU\$'000	RETAINED EARNINGS/ (ACCUMULATED LOSSES) AU\$'000	TOTAL AU\$'000
9M 2017						
Balance as at 1 July 2016	128,040	(163)	4,395	24,615	(166,249)	(9,362)
Loss for the period	-	-	-	-	(336)	(336)
Other comprehensive loss	-	-	-	(12,425)	-	(12,425)
Share-based payment expense	-	-	488	-	-	488
Balance as at 31 December 2016	128,040	(163)	4,883	12,190	(166,585)	(21,635)
Profit for the period	-	-	-	-	1,046	1,046
Other comprehensive income	-	-	-	1,441	-	1,441
Share-based payment expense	-	-	144	-	-	144
Balance as at 31 March 2017	128,040	(163)	5,027	13,631	(165,539)	(19,004)
9M 2016						
Balance as at 1 July 2015	128,040	(163)	3,114	20,112	(6,748)	144,355
Loss for the period	-	-	-	-	(500)	(500)
Other comprehensive income	-	-	-	338	-	338
Share-based payment expense	-	-	594	-	-	594
Balance as at 31 December 2015	128,040	(163)	3,708	20,450	(7,248)	144,787
Loss for the period	-	-	-	-	(740)	(740)
Other comprehensive loss	-	-	-	(344)	-	(344)
Share-based payment expense	-	-	270	-	-	270
Balance as at 31 March 2016	128,040	(163)	3,978	20,106	(7,988)	143,973

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

	31 March 2017	31 March 2016
Number of issued shares		
Opening balance	740,432,016	740,432,016
Issuance of shares	-	-
Closing balance	<u>740,432,016</u>	<u>740,432,016</u>

As at 31 March 2017 there were outstanding options for 119,000 (31 March 2016: 1,561,000) unissued ordinary shares under the employee share option scheme. All the outstanding options have vested and are exercisable at the balance sheet date.

As at 31 March 2017 there were 216,680 (31 March 2016: 1,650,554) outstanding rights that may potentially be converted to shares under the employee share scheme. No ordinary shares are expected to be issued under the employee share scheme as the Group did not meet the relevant Total Shareholder Return targets (Total Shareholder Return is based on a comparable peer group).

As at 31 March 2017 and 31 March 2016 respectively there were no treasury shares held by the company.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	31 March 2017	30 June 2016
Number of issued shares	<u>740,432,016</u>	<u>740,432,016</u>

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have neither been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the audited financial statements for the year ended 30 June 2016, except for adoption of new and amended FRS and Interpretation to FRS ("INT FRS") which are effective for the financial period commencing 1 July 2016. The adoption of these FRS has no material impact on the Group's and the Company's financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

On 23 August 2016, the Company disclosed publicly closure of Singapore Fabrication and Manufacturing businesses. Hence, Fabrication and Manufacturing operations in Singapore was classified as discontinued operations. In accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*, prior periods' figures in the consolidated statement of comprehensive income have been re-presented to disclose discontinued operations. The results and cash flow information are presented below.

	3Q 2017	3Q 2016*	+ / (-)	9M 2017	9M 2016*	+ / (-)
	AU\$'000	AU\$'000	%	AU\$'000	AU\$'000	%
Results of discontinued operations						
Revenue	288	3,076	(90.6)	1,843	10,197	(81.9)
Cost of sales	982	(5,095)	N.M.	(2,288)	(16,467)	(86.1)
Gross profit	1,270	(2,019)	N.M.	(445)	(6,270)	(92.9)
Other operating income	236	128	84.4	2,522	523	N.M.
Expenses	(1,250)	(6,224)	(79.9)	(299)	(8,645)	(96.5)
Profit/(loss) from discontinued operations	256	(8,115)	N.M.	1,778	(14,392)	N.M.
Finance cost	(23)	(24)	(4.2)	(232)	(76)	N.M.
Profit/(loss) before tax from discontinued operations	233	(8,139)		1,546	(14,468)	
Income tax expense	-	-	N.M.	-	-	N.M.
Net profit/(loss) from discontinued operations	233	(8,139)	N.M.	1,546	(14,468)	N.M.
Basic earnings per share (cents)	0.0	(1.1)	N.M.	0.2	(2.0)	N.M.
Diluted earnings per share (cents)	0.0	(1.1)	N.M.	0.2	(2.0)	N.M.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change (continued)

	3Q 2017	3Q 2016*	+ / (-)	9M 2017	9M 2016*	+ / (-)
	AU\$'000	AU\$'000	%	AU\$'000	AU\$'000	%
Cash flows from/(used in) discontinued operations						
Net cash generated from/(used in) operating activities	(1,397)	(8,131)	(82.8)	(6,737)	(8,842)	(23.8)
Net cash generated from investing activities	1,986	5,249	(62.2)	3,321	5,022	(33.9)
Net cash (used in)/generated from financing activities	(909)	2,199	N.M.	3,247	3,293	(1.4)
Net cash used in discontinued operations	<u>(320)</u>	<u>(683)</u>		<u>(169)</u>	<u>(527)</u>	

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	GROUP	GROUP	GROUP	GROUP
	3Q 2017	3Q 2016	9M 2017	9M 2016
	AU\$'000	AU\$'000	AU\$'000	AU\$'000
Profit/(loss) attributable to equity holders of the Company	3,347	(24,088)	2,372	(93,166)
Profit/(loss) after income tax - continuing operations	3,114	(15,949)	826	(78,698)
Weighted average number of ordinary shares in issue				
applicable to earnings (AU\$'000)	740,432	740,432	740,432	740,432
Fully diluted number of ordinary shares ('000)	740,649	742,083	740,649	742,083
Earnings/(loss) per ordinary share (AU cents)				
- Basic	0.5	(3.3)	0.3	(12.6)
- Diluted	0.5	(3.3)	0.3	(12.6)
Earnings/(loss) per ordinary share (AU cents) - continuing operations				
- Basic	0.4	(2.2)	0.1	(10.6)
- Diluted	0.4	(2.2)	0.1	(10.6)

For the purposes of calculating diluted earnings per share, the weighted average number of shares on issue has been adjusted as if all dilutive share options and share awards were exercised. The number of shares that could have been issued upon the exercise of all dilutive shares is added to the denominator as the number of shares issued for no consideration.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
- (a) current financial period reported on; and
(b) immediately preceding financial year

	GROUP 31/03/2017	GROUP 30/06/2016	COMPANY 31/03/2017	COMPANY 30/06/2016
	AU\$'000	AU\$'000	AU\$'000	AU\$'000
Net assets / (liabilities)	(6,832)	(14,867)	(19,004)	(9,362)
Net asset/(liabilities) value per ordinary share based on issued share capital at the end of the respective periods	(0.9)	(2.0)	(2.6)	(1.3)

Net asset/(liabilities) value per ordinary share is calculated based on 740,432,016 ordinary shares as at 31 March 2017 (30 June 2016: 740,432,016 ordinary shares).

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

A Review of Income Statement

Revenue in the third quarter of FY2017 decreased by 7.7% to AU\$107.4 million, as compared to AU\$116.4 million for the corresponding period in 2016. The decrease was mainly attributable to reduced revenue contributions from the Maintenance Service business unit.

Cost of sales reduced by 11.8%, from AU\$103.9 million in the corresponding quarter in FY2016 to AU\$91.7 million in the third quarter of FY2017. The reduction in costs of sales exceeded the reduction in revenue.

Other operating costs combined with administrative expenses and marketing and distribution expenses decreased significantly by AU\$7.2 million in the third quarter of FY2017 compared to the corresponding period in FY2016. The Group continues to monitor cost savings throughout the period which resulted in overhead reductions of approximately AU\$1.5 million in the third quarter FY2017 as compared to the corresponding period in 2016. In Q3 FY2017 additional impairment of trade receivables of AU\$1.8 million has been provided for based on management's expectation of recovery. Note that the third quarter FY2016 included certain one-off items, such as the impairment of receivables on work in progress claims of AU\$1.8 million, impairment of inventory and fixed assets of AU\$10.0 million, redundancy costs of AU\$1.9 million and restructuring costs of AU\$2.0 million.

Finance costs in third quarter of FY2017 decreased by 11.3% to AU\$4.7 million, mainly as a result of reduction in interest costs on loans from a related party. The revised interest rate on loans from the related party is at 5% per annum (prior interest rate: 8% per annum).

Net profit after tax position has improved in the third quarter of FY2017 with a net profit after tax of AU\$3.3 million, as compared to a net loss after tax of AU\$24.2 million in the third quarter of FY2016. The year to date net profit after tax position is AU\$2.2 million which is a significant turnaround for the Group.

B Review of Balance Sheet

Assets

Cash and bank balances improved by AU\$5.5 million, mainly due to improvement in the Group's gross profit, up from AU\$25.5 million in the third quarter FY2016 to AU\$35.2 million in the current quarter FY2017. Similarly, there was improvement in cash generated from investing activities, mainly due to proceeds from sale of equipment of Singapore Fabrication business. In addition, about AU\$7.3 million was received as loans during the 9M 2017 and AU\$10.5 million were used for regular repayment of existing debt facilities.

Trade receivables balances decreased by AU\$16.6 million, reflecting collections received. The Group is closely reviewing the recoverability of work in progress positions.

Current other receivables and prepayments balances decreased by AU\$2.2 million mainly due to release of S\$6.1 million held in escrow for Multi Currency Note holders in October and November 2016 offset by a deposit of AU\$1.8 million relating to an acquisition of capital assets for a scaffolding project.

Non-current other receivables and prepayments balances decreased by AU\$3.3 million, which was relating to the cash security deposit placed for the lease of premises in Singapore. The cash deposit has been utilised to settle part of the agreed payment of an early termination lease arrangement.

Liabilities

Decrease in trade payable balance by AU\$11.3 million (a 19.2% decrease over the previous year's balance of AU\$58.8 million) was mainly due to settlement of amounts owing to creditors in Singapore following the closure of the Singapore Fabrication business.

Current accruals for other liabilities balances comprised of main accruals for annual leave, rostered day off, sick leave and current long service leave. The current balances decreased by AU\$2.7 million mainly due to operational efficiencies following the restructuring of the business conducted last year. Non-current accruals comprised of long-term long service leave balances.

Total borrowings decreased by AU\$9.5 million between balance sheet dates, largely due to upfront partial redemption of the Multi Currency Notes of AU\$3.7 million, repayment of the USD Term Loan of AU\$1.3 million, full repayment of the drawn down amount of the Accounts Receivable Purchase facility from DBS Bank Ltd of AU\$2.5 million and regular repayment of finance leases.

Provisions decreased by AU\$8.8 million between the two periods, 31 March 2017 and 30 June 2016. These provisions were related to property which would not be in use by the Group following the closure of Singapore Fabrication business. The decrease in the provisions was due to termination of the lease of the property.

As at 31 March 2017, the Group was in a net current assets position of AU\$11.1 million and net liabilities were AU\$6.8 million. The Group has sufficient cash resources and banking facilities available to meet the financing needs of its operations.

C Review of Statement of Cash Flows

Operating activities of the Group generated net cash inflows of AU\$8.5 million during 9M 2017, as compared to corresponding period 2016 where operating activities led to net cash outflows of AU\$2.0 million. This was due to improvement in the Group's gross profit level in the current 9M 2017 to AU\$35.2 million from AU\$25.5 million during 9M 2016.

During 9M 2017, net cash of AU\$0.2 million were generated from investing activities. Approximately AU\$4.4 million was received from the disposal of equipment of Singapore Fabrication business unit and utilised mainly for the purchase of scaffolding assets.

In relation to the Group's financing activities, movement in the cash flow constituted regular repayments of debt facilities during the quarter.

As a result of the above activities, the Group recorded an increase in cash and cash equivalents of AU\$5.5 million and continued to maintain a cash and bank balance of AU\$27.9 million as at 31 March 2017.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

	9M FY17	Forecast	+ / (-)	+ / (-)
	AU\$'000	AU\$'000	AU\$'000	%
Revenue	315,650	332,172	(16,522)	-5.0%
Cost of sales	(280,917)	(303,166)	22,249	-7.3%
Gross profit	34,733	29,006	5,727	19.7%
Net loss for the period	2,210	(1,466)	3,676	N.M

Comments:

- Revenue was lower than forecast due to reduced activity in the Australian Fabrication business and the Port and Marine business as well as the lack of revenue in Singapore following the decision to close the business.
- Cost of sales was lower than forecast due to the reduced activity in the business segments outlined above and savings resulting from operational efficiencies following the restructuring of the business conducted last year. Gross profit was higher than forecast due to a higher gross margin compared to forecast.
- Financial performance improved significantly as compared to forecast as a result of improved gross margin on projects and savings resulting from operational efficiencies following the restructuring of the business conducted last year.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Background Information

AusGroup offers a range of integrated service solutions to the energy, industrial and mining sectors across Australia and South East Asia. Our diversified service offering supports clients at all stages of their asset development and operational requirements.

Through subsidiaries AGC, MAS and NT Port and Marine, we provide maintenance, construction, access services, fabrication and manufacturing and port & marine services. With over 27 years of experience, we are committed to helping our clients build, maintain and upgrade some of the region's most challenging projects.

Our capabilities

Maintenance Services

Our maintenance services include long-term specialist support, campaign shutdowns / turnarounds, refractory and the management of all maintenance services.

Construction

Our construction services include design, structural, mechanical, piping (SMP), painting, insulation and fireproofing (PIF) and engineering procurement and construction (EPC).

Access Services

Our access services include scaffolding, engineering and design, labour supply and stock control, logistics, transportation and rope access.

Fabrication and Manufacturing

Our services in this business unit includes manufacturing, fabrication and testing.

Port and Marine Services

Our port and marine business include marine supply bases and port operations.

Significant Trends & Competitive Conditions

The major themes confronting the industry and the Group:

- Continued declining capex activity in exploration and production phases for oil and gas has resulted in the closure of Singapore Fabrication and Manufacturing businesses.
- Industry consolidation and increasing levels of domestic and international competition has led to continuing margin pressures creating an associated need to implement significant cost reduction initiatives.
- The use of technology and innovation in project execution is key to embedding long term relationships with clients and delivering ongoing predictable earnings.
- Focus on core strengths and capabilities will assist in generating profits from our service offering.

Karara Mining Limited (“KML”) update

Action is ongoing in the Supreme Court of Western Australia in relation to claims submitted to Karara Mining Limited (“KML”) by AGC Industries Pty Limited (“AGCI”), a wholly owned subsidiary of the Group, in relation to its contracted works completed in 2013. On 26 March 2016, AGCI submitted a claim to the court for an amount of A\$23.8 million for amounts AGCI consider due under the contract and several meetings with KML have proved fruitless. The trial for the case was heard in March 2017 and oral closing submissions will be heard in June 2017. Included in trade receivables is management’s best estimate of the amounts expected to be recovered.

Teras Cargo Transport (America) (“TCTA”) update

The Group, through its wholly owned subsidiary, Teras Global Pte Ltd, is party to legal proceedings in relation to its receivable balance due from Teras Cargo Transport (America) LLC (“TCTA”). The Group chartered one vessel and three barges to TCTA under four different charter-parties.

A Statement of Claim (“SOC”) was issued to TCTA on 23 March 2016 in relation to unpaid balances for the one vessel and three barges. TCTA served a Statement of Defence and Counterclaim on 4 May 2016 denying the Group’s claim. Further, TCTA alleged that the Group had breached its charter-parties with TCTA as it failed to ensure that the barges were available to perform the charter-parties with TCTA. As a result, TCTA is counterclaiming for a sum related to the loss it has suffered flowing from the Group’s alleged breach. The Group denies TCTA’s counterclaim.

Subsequent to the counterclaim being received, a settlement was reached in relation to the three barges and the invoices initially claimed by the Group for the three barges were settled. In addition,

the Group discovered that there were several unpaid invoices that were not included in the initial claim, so the Group therefore issued an amended SOC on 21 September 2016 to take these changes into account.

The SOC incorporated in the Statement of Claimant's Case has been filed under a matter of arbitration under the International Arbitration Act, with the Group having lodged its Statement of Claimant's Case and amended SOC on 21 September 2016. TCTA have filed their Statement of Defence and Counter-Claim on 11 November 2016. The Group served the amended Statement of Reply on 5 January 2017. Since that date, the arbitration has been proceeded on the basis of a 'documents only' arbitration. The matter is on-going at the date of this report. Included in trade receivables is management's best estimate of the amounts expected to be recovered.

General

The Group has work in hand to the value of AU\$286.3 million as at 31 March 2017.

The main areas of focus for our business in the short term will rely on our core strengths of providing multi-disciplinary services of scaffolding, insulation, refractory and fabrication services as well as developing our capability in the marine sector through commercialisation of the Port and Marine business.

With regards to the Port and Marine business, following the environmental approval granted to the Group in Q2 FY2017, NT Port and Marine Pty Ltd, a subsidiary of the Company, is therefore approved to operate a marine supply base at Port Melville, Melville Island, Northern Territory, for the shipment of equipment and supplies for projects such as the construction and operation of offshore oil and gas fields, up to a maximum of 233 vessel berths at Port Melville per annum (including pilot vessels). All assets and property of NT Port and Marine Pty Ltd are secured against Multi Currency Notes.

The forward pipeline remains solid, with core projects expected to grow in scale and complexity to provide opportunities for organic growth in the Northern Territory and Western Australia Oil and Gas sector.

Going Concern

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 Group recognised a net profit after tax of AU\$2.2 million for period ended 31 March 2017 and as at that date, current assets exceed current liabilities by AU\$11.1 million. However, total liabilities exceed total assets by AU\$6.8 million. In addition, the Group has breached covenants on its major debt facilities during the 9 month period to 31 March 2017.

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 with an expiry date of 31 December 2019. This is expected to result in a significant portion of the loan being classified as a non-current liability at financial year end. The ongoing financial support from the Group's principal banker is critical.

During the period to 31 March 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 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 has received a waiver from its principal banker for Quarter 1, Quarter 2, Quarter 3 and Quarter 4 of the 2017 financial year.

In addition, the Group has on issue loans from Ezion Holdings Limited, a controlling shareholder of the Group, which are currently due to be repaid after 31 March 2018. The interest rate applicable to these loans were reduced from 8% to 5% per annum, as agreed by the Group and Ezion.

Port and Marine services

Following the environmental approval granted to the Group in Q2 FY2017, the Port and Marine CGU (Cash Generating Unit), now has the opportunity to continue further commercialisation of the Port Melville facility. In the 9 month period to 31 March 2017 there have been no material changes to the Port and Marine CGU, however, the Group will continue to monitor the carrying value of this CGU going forward.

Management's plans to address these uncertainties

In considering the impact of the carrying value of the Port and Marine CGU and the impact of this on the current debt profile of the business 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 December 2018. 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 Note facility, which will be due on 20 October 2018 and, therefore the Group has also assessed the position of the Note facility. In the event that the Note facility is not extended beyond 20 October 2018, the Group will need to consider the options available to extinguish this liability, which will 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.

Management has assessed the options available in order to ensure that sufficient cash flow is in place in order 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 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. This is expected to result in a significant portion of the loan being classified as a non-current liability at financial year end.

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 current and potential funding facilities available to the Group;
- the options for the Group to restructure and potentially extend its current debt facilities and the initiatives being pursued, which may include a conversion of some of these debts to equity;
- the forecasted cashflow being sufficient to service and potentially reduce the Group's debt position over the period to December 2018; and
- the 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 which is expected to underpin the return to profitability and is expected to continue through the remaining 3 months of FY2017 and into FY2018 and FY2019.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?
None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect

Not applicable.

13. IPT Mandate

Name of interested person	Aggregate value of all interested person transactions during third quarter of FY2017 under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of SGX-ST Listing Manual during third quarter of FY2017 (excluding transactions less than \$100,000)
Ezion Holdings Limited (expense)	N/A	*AU\$487,917 **AU\$120,000
Ezion Holdings Limited (revenue)	N/A	***AU\$449,982

* The balance in the quarter consisted only of interest charges on a loan balance held with Ezion Holdings Limited.

** Charter of vessels and barges covered under the shareholders' mandate.

*** AusGroup has invoiced Ezion Holdings Limited for custodianship charges on vessels held by AusGroup in the quarter.

14. Confirmation that the issuer has procured undertakings from all of its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company hereby confirms that it has procured undertakings from all of its directors and executive officers under Rule 720(1) of the Listing Manual.

15. Negative Assurance pursuant to Rule 705 (5) of the Listing Manual.

To the best of our knowledge, nothing has come to the attention of the board of directors which may render the interim financial statements to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

Stuart Maxwell Kenny
Non-Executive Board Chair

Eng Chiaw Koon
Managing Director

12 May 2017

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