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PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (1Q, 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

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

	GROUP		+ / (-)
	1Q 2017	1Q 2016	%
	AU\$'000	AU\$'000	
Revenue	101,286	132,747	(23.7)
Cost of sales	(92,204)	(117,574)	(21.6)
Gross profit	9,082	15,173	(40.1)
Gross margin	9.0%	11.4%	
Other operating income	1,959	299	N.M.
Other operating costs	(2,314)	(7,392)	(68.7)
Administrative expenses	(4,542)	(5,904)	(23.1)
Consulting and arrangement fees	(1,320)	-	N.M.
Marketing and distribution expenses	(452)	(714)	(36.7)
Profit from operations	2,413	1,462	65.0
Finance costs	(4,342)	(1,238)	250.7
(Loss) / profit before income tax	(1,929)	224	N.M.
Income tax (expense) / benefit	(232)	248	(193.5)
Net (loss) / profit for the period	(2,161)	472	N.M.
Net (loss) / profit %	-2.1%	0.4%	
<u>(Loss) / profit attributable to:</u>			
Equity holders of the Company	(2,081)	348	N.M.
Non-controlling interest	(80)	124	(164.5)
	(2,161)	472	N.M.
(Loss) / earnings per ordinary share (cents)			
- basic	(0.28)	0.05	
- diluted	-*	0.05	

* Diluted earnings per share is not disclosed as it is anti-dilutive.

N.M. not meaningful

(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	GROUP		+/(-)
	1Q 2017	1Q 2016	%
	AU\$'000	AU\$'000	
(Loss) / profit for the period	(2,161)	472	N.M.
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	5,004	10,414	(51.9)
Other comprehensive income for the period	5,004	10,414	(51.9)
Total comprehensive income attributable to equity holders of the company	2,843	10,886	(73.9)
<u>Total comprehensive income / (loss) attributable to:</u>			
Owners of the Company	2,891	10,816	(73.3)
Non-controlling interest	(48)	70	(168.6)

(ii) NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

A. PROFIT FROM OPERATIONS

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

	GROUP		+/(-)
	1Q 2017	1Q 2016	%
	AU\$'000	AU\$'000	
Other operating income			
Interest income	97	117	(17.1)
Profit on sale of property, plant and equipment	1,752	269	N.M.
Other income	203	84	141.7
Foreign exchange loss	(93)	(171)	(45.6)
Total other operating income	1,959	299	N.M.
Amortisation and Depreciation			
Depreciation of property, plant & equipment included in cost of sales	2,092	2,409	(13.2)
Amortisation of intangible assets included in cost of sales	625	60	N.M.
Depreciation of property, plant & equipment included in administrative expenses	122	284	(57.0)
Amortisation of intangible assets included in administrative expenses	521	449	16.0
Total Amortisation and Depreciation	3,360	3,202	4.9

A. PROFIT FROM OPERATIONS (continued)

	GROUP		+ / (-)
	1Q 2017	1Q 2016	%
	AU\$'000	AU\$'000	
Employee share and share option scheme expense	176	320	(45.0)
Research and development tax credits included in cost of sales	-	(2,577)	N.M.

B. FINANCE COSTS

	GROUP		+ / (-)
	1Q 2017	1Q 2016	%
	AU\$'000	AU\$'000	
Loans	4,171	1,159	259.9
Bank guarantee fees	88	74	18.9
Unwinding of earn out payable	82	3	N.M.
Finance leases and hire purchase	1	2	(50.0)
Total Finance costs	4,342	1,238	250.7

C. INCOME TAX BENEFIT

	GROUP		+ / (-)
	1Q 2017	1Q 2016	%
	AU\$'000	AU\$'000	
(Loss)/profit before income tax	(1,929)	224	N.M.
Prima facie taxation calculated at applicable rate on (loss) / profit before income tax	513	(288)	(278.1)
Tax effect of non-deductible items	(330)	(237)	39.2
Research and development tax incentives	-	773	N.M.
Potential tax benefit of losses for which no deferred tax asset has been recognised	(415)	-	N.M.
Total income tax (expense) / benefit	(232)	248	(193.5)
Income tax (expense) / benefit percentage (%)	12%	111%	

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 30/09/2016 AU\$'000	Group As at 30/06/2016 AU\$'000	Company As at 30/09/2016 AU\$'000	Company As at 30/06/2016 AU\$'000
CURRENT ASSETS				
Cash and cash equivalents	30,086	22,095	61	16
Trade receivables	120,872	132,864	-	-
Other receivables and prepayments	18,832	9,995	8,577	6,613
Inventories	6,966	6,759	-	-
Total current assets	176,756	171,713	8,638	6,629
NON-CURRENT ASSETS				
Property, plant and equipment	91,143	96,358	-	-
Goodwill	10,994	10,994	-	-
Intangible assets	38,596	39,970	-	-
Other receivables and prepayments	3,490	3,627	-	-
Due from subsidiaries	-	-	50,341	49,514
Investments in subsidiaries	-	-	83,632	83,632
Total non-current assets	144,223	150,949	133,973	133,146
Total assets	320,979	322,662	142,611	139,775
CURRENT LIABILITIES				
Trade payables	51,150	58,776	-	-
Other payables	68,290	65,225	5,327	3,357
Due to subsidiaries	-	-	6,856	8,951
Borrowings	141,248	139,957	137,264	136,736
Accruals for other liabilities and charges	20,979	21,365	-	-
Current income tax liabilities	-	-	370	93
Provisions	1,163	1,580	-	-
Total current liabilities	282,830	286,903	149,817	149,137
NON-CURRENT LIABILITIES				
Deferred income tax liabilities	2,111	1,977	-	-
Borrowings	38,796	39,193	-	-
Accruals for other liabilities and charges	1,598	2,149	-	-
Provisions	7,492	7,307	-	-
Total non-current liabilities	49,997	50,626	-	-
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	128,040	128,040	128,040	128,040
Capital reserve	(163)	(163)	(163)	(163)
Share based payment reserve	4,571	4,395	4,571	4,395
Foreign currency translation reserve	20,381	15,409	23,706	24,615
Retained earnings	(163,530)	(161,449)	(163,360)	(166,249)
Total equity attributable to owners	(10,701)	(13,768)	(7,206)	(9,362)
Non-controlling interest	(1,147)	(1,099)	-	-
Total equity	(11,848)	(14,867)	(7,206)	(9,362)
Total liabilities and equity	320,979	322,662	142,611	139,775

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

	30/09/2016		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	35,601	105,647	31,227	108,730
Amount repayable after one year	-	38,796	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 bear interest at a fixed rate of 7.45% per annum payable semi-annually in arrears and, unless previously redeemed or cancelled, 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 being amended as follows with effect from that date:

- An upfront partial redemption of the Notes of S\$4.0 million 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 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 ended 19 October 2017 and 8.45%pa for the year ended 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 Ezion Offshore Logistics Hub (Tiwi) Pty Ltd ("EOLH Tiwi") 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.

As the vote was not completed until after the balance sheet date, the Notes have been presented as a current liability on the balance sheet at 30 September 2016 and 30 June 2016. The Notes will be reclassified to non-current liabilities in Q2 FY17.

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 2018. As at 30 September 2016 US\$12.8m 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 30 September 2016 AU\$3.2m of this balance had been utilised (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 30 September 2016 AU\$15.0m 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). The short term loan is currently due for repayment at the end of November 2016. This loan is being extended on a month by month basis by DBS Bank Ltd, whilst negotiations to arrive at a long term arrangement with an agreed repayment schedule are ongoing.

Surety bond facility from Vero

During 4Q FY2015 the Group entered into an AU\$32m Surety bond facility with Vero to ensure the Group maintains its bonding capacity for bid bonds, performance bonds and financial guarantees. As at 30 September 2016 the facility limit was AU\$30 million.

Loans from related party

Loans amounting to AU\$29.8 million from Ezion Holdings Limited ("Ezion") (a substantial shareholder of the Company) were acquired by the Group on acquisition of Ezion Offshore Logistics Hub Pte. Limited and Teras Australia Pty Limited 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. Repayment of the loan is currently due not before 16 December 2017. At 30 September 2016 the amount owing to Ezion was AU\$38.8m (30 June 2016: AU\$39.2m).

A proposal to novate these loans to AusGroup Limited, including revision of the applicable interest rate to 5% will be laid before the shareholders at the forthcoming Annual General Meeting.

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

The Group has not provided security in relation to any other facilities and borrowings as at 30 September 2016. The carrying amounts of the Group's assets pledged as security for bank facilities at 30 September 2016 was AU\$217.6m (30 June 2016: AU\$224.9m).

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 will be removed upon completion of the securitization 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 30 September 2016, but subsequent to the balance sheet date has received a waiver from DBS Bank Ltd for these breaches. However, as waivers were not held by the Group for all relevant breaches as at the balance sheet date, the impacted loans and facilities have been presented as current liabilities at 30 September 2016. The Group has also sought and received a waiver of forecast breaches at 31 December 2016.

The Group is currently in the process of renegotiating 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.

AusGroup Limited is also required to maintain a minimum consolidated trade debtor balance compared to the current outstanding under the ARP facilities. The Group has been in compliance with this requirement during the quarter.

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 1Q 2017 AU\$'000	GROUP 1Q 2016 AU\$'000
Cash flows from operating activities		
(Loss) / profit before taxation	(1,929)	224
Add / (less) adjustments for:		
Depreciation of property, plant and equipment	2,214	2,693
Amortisation of intangible assets	1,146	509
Employee share and share option scheme expense	176	320
Net foreign exchange differences	1,328	1,818
Profit on disposal of property, plant and equipment	(1,752)	(269)
Interest income	(97)	(117)
Finance costs	4,342	1,238
Research and development tax credits	-	(2,577)
Operating cash flows before working capital changes	5,428	3,839
Changes in operating assets and liabilities		
<i>Changes in operating assets and liabilities</i>		
Trade receivables	11,992	(37,191)
Other receivables and prepayments	(5,623)	3,191
Inventories	(207)	(901)
Trade payables	(7,627)	(10,356)
Accruals and other payables	805	21,529
Cash generated from / (used in) operations	4,768	(19,889)
Interest paid	(1,440)	(543)
Interest received	97	117
Income tax paid	-	(468)
Net cash generated from /(used in) operating activities	3,425	(20,783)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	434	720
Purchase of property, plant and equipment	(551)	(17,944)
Release of restricted cash	-	13,894
Purchase of intangible assets	-	(115)
Net cash used in investing activities	(117)	(3,445)

1(c) Consolidated Statement of Cash Flows (continued)	GROUP	GROUP
	1Q 2017	1Q 2016
	AU\$'000	AU\$'000
Cash flows from financing activities		
Repayment of finance leases	(226)	(1,983)
Proceeds from borrowings	5,433	3,014
Repayment of borrowings	(487)	-
Net cash generated from financing activities	4,720	1,031
Net increase / (decrease) in cash and cash equivalents	8,028	(23,197)
Effect of exchange rate changes	(37)	(464)
Movement in cash and cash equivalents for the period	7,991	(23,661)
Cash and cash equivalents at beginning of period	10,480	6,982
Cash and cash equivalents (net of overdraft) at end of period	18,471	(16,679)
Cash and cash equivalents represented by:		
Cash and cash equivalents	30,086	30,483
*Restricted cash	(11,615)	(11,615)
Less: Bank overdraft	-	(35,547)
Balance per consolidated statement of cash flows	18,471	(16,679)

*The amount 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

	SHARE CAPITAL	CAPITAL RESERVE	SHARE BASED PAYMENT RESERVE	FOREIGN CURRENCY TRANSLATI ON RESERVE	RETAINED EARNINGS	TOTAL	NON- CONTROLLING INTEREST	TOTAL EQUITY
	AU\$'000	AU\$ '000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000
Group								
1Q 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	-	-	-	-	(2,081)	(2,081)	(80)	(2,161)
Other comprehensive income	-	-	-	4,972	-	4,972	32	5,004
Share based payment expense	-	-	176	-	-	176	-	176
Balance as at 30 September 2016	128,040	(163)	4,571	20,381	(163,530)	(10,701)	(1,147)	(11,848)
1Q 2016								
Balance as at 1 July 2015	128,040	(163)	3,114	14,058	96,821	241,870	(439)	241,431
Profit for the period	-	-	-	-	348	348	124	472
Other comprehensive income / (loss)	-	-	-	10,468	-	10,468	(54)	10,414
Share based payment expense	-	-	320	-	-	320	-	320
Balance as at 30 September 2015	128,040	(163)	3,434	24,526	97,169	253,006	(369)	252,637
Company								
1Q 2017								
Balance as at 1 July 2016	128,040	(163)	4,395	24,615	(166,249)	(9,362)	-	(9,362)
Profit for the period	-	-	-	-	2,889	2,889	-	2,889
Other comprehensive loss	-	-	-	(909)	-	(909)	-	(909)
Share based payment expense	-	-	176	-	-	176	-	176
Balance as at 30 September 2016	128,040	(163)	4,571	23,706	(163,360)	(7,206)	-	(7,206)
1Q 2016								
Balance as at 1 July 2015	128,040	(163)	3,114	20,112	(6,748)	144,355	-	144,355
Loss for the period	-	-	-	-	(221)	(221)	-	(221)
Other comprehensive income	-	-	-	1,073	-	1,073	-	1,073
Share based payment expense	-	-	320	-	-	320	-	320
Balance as at 30 September 2015	128,040	(163)	3,434	21,185	(6,969)	145,527	-	145,527

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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

	30 September 2016	30 June 2016
Number of issued shares		
Opening balance	740,432,016	740,432,016
Issuance of shares	-	-
Closing balance	740,432,016	740,432,016

As at 30 September 2016 there were outstanding options for 119,000 (30 September 2015: 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 30 September 2016 there were 216,680 (30 September 2015: 2,258,158) outstanding rights that may potentially be converted to shares under the employee share scheme. The Group did not meet the relevant TSR (Total shareholder return is based on a comparable peer group) targets for the financial year ended 30 June 2016, hence, no ordinary shares are expected to be issued under the employee share scheme.

As at 30 September 2016 and 30 September 2015 there were outstanding options for unissued ordinary shares totaling 22,500,000 and 110,000,000 held by directors (including former directors) within the Group and Ezion Holdings Limited respectively. At the balance sheet date 11,250,000 (2015: 5,625,000) options held by directors (including former directors) were exercisable. All options held by Ezion Holdings Limited were exercisable at both balance sheet dates.

As at 30 September 2016 and 30 September 2015 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

	30 September 2016	30 June 2016
Number of issued shares	740,432,016	740,432,016

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares 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 not been audited or reviewed by the auditors.

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 new and amended FRS and Interpretation to FRS ("INT FRS") that are mandatory for application from 1 July 2016.

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

None.

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 1Q 2017 AU\$'000	GROUP 1Q 2016 AU\$'000
(Loss) / profit attributable to equity holders of the Company	(2,081)	348
Weighted average number of ordinary shares in issue applicable to earnings ('000)	740,432	740,432
Fully diluted number of ordinary shares ('000)	740,649	742,690
(Loss) / earnings per ordinary share (AU cents)		
- Basic	(0.28)	0.05
- Diluted	.*	0.05

* Diluted earnings per share is not disclosed as it is anti-dilutive.

Basic earnings per share is calculated by dividing the consolidated profit after tax attributable to the equity holders of the Company by the weighted average of the number of shares outstanding during the period.

For the purposes of calculating diluted earnings per share, the weighted average number of shares in 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. No adjustment is made to the profit after tax.

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	
	30/09/2016	30/06/2016
	AU\$'000	AU\$'000
Net liabilities	(11,848)	(14,867)
Net liability value per ordinary share based on issued share capital at the end of the respective periods (AU cents)	(1.6)	(2.0)

Net liability value per ordinary share was calculated based on 740,432,016 ordinary shares as at 30 September 2016 (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 Income Statement

(i) Revenue

Revenue for the first quarter of FY2017 decreased by 23.7% to AU\$101.3 million (1Q FY2016: AU\$132.7 million) mainly due to reduced revenue contributions from the Port and Marine business and as a result of contracts having completed in the prior year in the Maintenance Services business when compared to 1Q FY 2016. The work undertaken on the Ichthys projects for JKC through our Projects and MAS business sectors are the main contributors to the revenue for the quarter.

(ii) Cost of sales and Gross profit

Cost of sales

The cost of sales for the first quarter of FY2017 was AU\$92.2 million (1Q FY2016: AU\$117.6 million), refer below for commentary on the gross margin variance.

Gross profit

Gross margins were lower than the comparative quarter of FY2016. This resulted mainly from the fact that in the comparative quarter research and development credits and inventory adjustments accounted for AU\$3m of the gross profit. This, coupled with the completion of contracts in the Maintenance sector in the comparative quarter of FY2016 as described in the previous note, accounts for the gross profit variance. During the quarter, there has been a strong performance from the Projects and MAS contracts for

JKC and the return from Maintenance contracts has also improved since the last quarter. Gross profit margins are normalized on comparison after taking the aforementioned differences into account and as a result, the gross profit margin remained within management's target range.

(iii) Other operating income

Other operating income for the first quarter of FY2017 increased to AU\$2.0 million (1Q FY2016: AU\$0.3 million). The increase was mainly due to gains from the disposal of property plant and equipment as a result of the close out of the Singapore Fabrication business and the completion of the disposal programme for the Australian based assets in the Fabrication business located at Kwinana.

(iv) Other operating costs, Administrative expenses and Marketing expenses

Other operating costs

Other operating costs for the first quarter of FY2017 decreased by 68.7% to AU\$2.3 million (1Q FY2016: AU\$7.4 million). This decrease over 1Q FY2016 reflects the savings resulting from the reduced operational support costs following the restructuring of the business conducted throughout FY2016. The decision to close the Singapore business has also contributed to reduced overhead costs as most of the closure costs were provided for in Q4 FY2016.

Administrative expenses

Administration expenses for the first quarter of FY2017 decreased by 23.1% to AU\$4.5 million (1Q FY2016: AU\$5.9 million) primarily as a result of the reductions in the level of administration support following the restructuring of the business in FY2016.

Consulting and arrangement fees

Consulting and arrangement fees of AU\$1.3 million (1Q FY2016: Nil) arose as a result of the Group's renegotiation of financing facilities, including the NCSE.

Marketing and distribution expenses

Marketing and distribution expenses for the first quarter of FY2017 decreased marginally to AU\$0.5 million (1Q FY2016: AU\$0.7 million) due to lower spend on marketing related activity in Australia.

(v) Finance costs

Finance costs for the first quarter of FY2017 increased by 250.7% to AU\$4.3 million (1Q FY2016: AU\$1.2 million). During the first quarter FY2016 AU\$2.6 million borrowing costs were capitalized in relation to Port and Marine property under construction. Capitalisation of these costs ceased in November 2015 when the assets became ready for use and therefore there is no corresponding reduction in borrowing costs in 1Q FY2017.

(vi) Income tax (expense) / benefit

Please refer to Section 1(a)(ii)C.

(vii) (Loss) / profit after tax

The loss after tax for the first quarter of FY2017 was AU\$2.2 million (1Q FY2016: profit after tax of AU\$0.5 million). Despite the loss after tax, the Group's performance for the

quarter was strong operationally producing a AU\$2.4 million profit from operations (increase of 65.0% from 1QFY16), which is evidence that the plans instigated in FY2016 to streamline the business and focus on our core capabilities are beginning to produce results. Explanations for the movement should also be read in conjunction with notes 8 A (i) to (vi) above.

B Balance Sheet

(i) Shareholders' Equity

Total shareholders' equity at 30 September 2016 amounted to (AU\$11.8) million, an improvement of 20.3% over the previous year (30 June 2016: (AU\$14.9) million) following the increase in foreign currency translation reserves offset by the loss for the period of AU\$2.2 million.

(ii) Non-current Assets

Total non-current assets amounted to AU\$144.2 million at 30 September 2016, representing a 4.5% decrease over the previous year (30 June 2016: AU\$150.9 million). The decrease was mainly due to depreciation and amortisation of property, plant and equipment and intangible assets respectively during the quarter (AU\$3.4m). In addition, the disposal of the property, plant and equipment from the Singapore Fabrication business contributed to the decrease during the quarter.

(iii) Current Assets

Total current assets amounted to AU\$176.8 million at 30 September 2016, representing a 2.9% increase compared with the previous year (30 June 2016: AU\$171.7 million). The increase was mainly due to improved volumes of work completed on the JKC projects for MAS and AMJV as well as the maintenance contracts beginning to produce consistent levels of work. This is represented through the increase in work-in-progress included in the amounts due from customers as highlighted in the table below. Trade receivables are split as follows:

	30/09/2016 AU\$'000	30/06/2016 AU\$'000
Trade receivables		
- Trade receivables	56,774	75,753
Construction contracts		
- Due from customers	59,098	52,111
- Retentions	5,000	5,000
	64,098	57,111
	120,872	132,864

Current Liabilities

Total current liabilities amounted to AU\$282.8 million at 30 September 2016, representing a 1.4% decrease over the previous year (30 June 2016: AU\$286.9 million). The decrease was mainly due to the settlement of amounts owing to creditors in Singapore as the closure of the Singapore Fabrication business progresses.

Trade payables are split as follows:

	30/09/2016 AU\$'000	30/06/2016 AU\$'000
Trade payables		
- Trade payables	33,886	36,276
Construction contracts		
- Due to customers	17,208	20,498
- Provision for foreseeable contract losses	56	2,002
	17,264	22,500
	51,150	58,776

(iv) Non-current Liabilities

Total non-current liabilities has decreased by 1.4% to AU\$50.0 million at 30 September 2016 (30 June 2016: AU\$50.6 million). The decrease was mainly due to the reduction in long-term accruals as a result of settlements following the decision to close the Singapore business.

C Cash Flows

(i) Operating activities

Net cash generated from operating activities was AU\$3.4 million in 1Q FY2017. The positive operating cash flows were mainly due to the improved receipts of contract progress claims from customers offset by payments to suppliers during the period.

(ii) Investing activities

Net cash used in investing activities was AU\$0.1 million in 1Q FY2017, due to the purchase of scaffolding equipment for Access Services as offset by the cash receipts from the disposal of property, plant and equipment during the period.

(iii) Financing activities

Net cash generated from financing activities was AU\$4.7 million in 1Q FY2017. The cashflow was generated from net proceeds from borrowings of AU\$4.9 million, partially offset by the settlement of finance lease liabilities of AU\$0.2 million.

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

At 1 July 2016, the Group released a presentation to Noteholders which contained a forecast for the financial year ended 30 June 2017. The table below outlines the variance of actual results for 1Q FY2017 to the forecast result for key P&L line items.

	QTR1 FY17	Forecast	+ / (-)	+ / (-)
	AU\$'000	AU\$'000	AU\$'000	%
Revenue	101,286	108,972	(7,686)	-7.1%
Cost of sales	(92,204)	(100,967)	8,763	-8.7%
Gross profit	9,082	8,005	1,077	13.5%
Net (loss)/profit for the period	(2,161)	(489)	(1,673)	342.4%

Comments:

- Revenue was lower than forecast due to the 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.
- The net loss for the period was higher than forecast mainly due to consultancy and legal fees incurred during the quarter including additional facility fees in relation to the Group's NCSE for renewal of the Multi Currency S\$110m Notes.

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 services 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 Teras Australia, we provide maintenance, construction, access services, fabrication 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 (MAS)

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, testing and precision machining.

Port and Marine Services

Our port and marine services include ocean towage, geared break-bulk carriers, module transport ballasting, marine supply bases, port operations, design and construct special purpose vessels and project management.

Significant Trends & Competitive Conditions

The major themes confronting the industry and the Group:

- Continued low levels of capex activity in exploration and production phases for oil and gas has resulted in the closure of our Singapore based Fabrication and Manufacturing facility.
- 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 delivering on our strategy of Energy and Process Fabric Maintenance.

Operationally, there is a continual need to monitor headcount and cost base to ensure it is correctly sized for today's competitive market where all clients are focused on adding value to their operations and reducing cost.

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. Most recently on 26 March 2016, AGCI has 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 so due process will now be followed with the case currently scheduled to be heard in March 2017. Included in amounts due from customers on construction contracts is management's best estimate of the amounts expected to be recovered.

Teras Cargo Transport (America) ("TCTA") update

As at 30 September 2016, 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 an 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 has until 11 December 2016 to serve the amended Statement of Reply. 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\$312.8 million as of 30 September 2016.

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 commercialization of the Port and Marine business.

With regards to the Port and Marine business, the commencement of full port operations has suffered due to continued delays in environmental and regulatory approval processes, however, since 2Q FY2016 the port has facilitated the export of woodchips from the Tiwi Islands, including one Asia-bound shipment successfully loaded during the quarter.

The fuel distribution aspect of the port, however, is being affected by an environmental group appeal over the Environmental Protection Authority's decision to grant the environmental approvals, leading to further delays to the commercialization of the port. During October 2016, the Group has since been advised by the Australian Minister for the Environment and Energy ("Minister") that pursuant to a consent order entered into between the Minister and the local environmental activists, the current decision will be quashed and referred back to him for further consideration according to law, on the basis that his original decision lacked certainty in some respects. This process is expected to take between four to six weeks. During this period, the facilities at Port Melville will continue to operate at historical levels. The legal case which was previously scheduled to be heard before the Federal Court of Australia on 27 October 2016 will not proceed.

On other matters, the closure process of the Singapore Fabrication business has progressed well with vacation of the facility expected in the latter part of 2Q FY 2017.

The forward pipeline remains solid, with positive results being produced from both of the Inpex contract with JKC (MAS scaffolding and the AMJV contract), along with the increasing volumes and good work being undertaken on the Chevron Maintenance Contract. Significant progress on contractual claims has been achieved in the quarter, with receipts in excess of AU\$16.0m received and further receipts expected in 2Q FY2017. In addition, there are significant opportunities on the JKC contracts for future work.

A number of tenders have recently been entered into and new contracts have been awarded to the Group during the quarter and up to the date of this report, including the contract awarded to MAS Australasia to supply painting and coating services on the Shell Prelude FLNG project, a significant project for Western Australia.

Going Concern

The Group has recognised a net loss after tax of AU\$2.2 million for the quarter ended 30 September 2016 and as at that date, current liabilities exceed current assets by AU\$106.1 million and total liabilities exceed total assets by AU\$11.8 million. In addition, the Group has breached covenants on its major debt facilities during the year and there are also uncertainties regarding the valuation of the major port assets as explained below.

Notwithstanding the above, the consolidated financial statements for the quarter ended 30 September 2016 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 is currently discussing its debt arrangements with DBS Bank Limited with the expectation that the current short term facility repayment date will be extended to a mutually agreed repayment date after considering the forecast cashflow projections of the Group.

During the year the Group had been in breach of a number of the financial covenants attached to the S\$110m Multi Currency Notes (the "Notes") and facilities from DBS Bank Limited (the "DBS facilities"). At 30 September 2016, the Group was in breach of three of its financial covenants for each of the Notes and DBS facilities. DBS Bank Limited waived its rights for these covenant breaches in relation to the DBS facilities for the relevant assessment period. The Group is in the process of agreeing appropriate covenants with DBS Bank Limited going forward, however, the Group has received a waiver from DBS for Quarter 1 and Quarter 2 of the 2017 financial year. Subsequent to the balance sheet date, 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. This will result in these debt obligations being reclassified from current to non-current liabilities (i.e. not due within one year) during Q2 FY17. As part of the renegotiation of the Notes facility, the Group agreed to provide security to the Noteholders over the Port and Marine assets. The Notes will be secured, on a shared first ranking basis, against all property and assets of 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, although the first AU\$20 million of this security will be reserved for future financing issued to the Port and Marine business from lenders, other than the Noteholders.

In addition, the Group has in issue loans from Ezion Holdings Limited, a substantial shareholder of the Group which are currently due to be repaid not before December 2017. The Group is in the process of renegotiating the terms and maturity of these loans and expects to secure an extension of maturity as part of this process.

Valuation of port assets

There have been delays in the Group's plans to fully commercialise its strategically important port facilities due to an ongoing dispute between a local environmental activist group and the Australian Federal Department of Environment, combined with a prolonged downturn in the oil and gas industry.

As indicators of impairment were identified the Group performed an impairment assessment of the Port and Marine cash generating unit ("CGU") at 30 June 2016 with the assistance of an independent external expert. This occasioned the write down of the Port and Marine CGU by AU\$119.9 million to AU\$70.0 million.

By their nature, these assessments make use of a number of assumptions which can have a significant impact on the valuation result. Due to the uncertainties around the assumptions used in determining the valuation amount, and given the materiality of the carrying amount of these assets to the Group position and debt security, the Group acknowledges that there remains an inherent uncertainty surrounding the Group's ability to realise the Port and Marine assets at the values included in the financial statements as at 30 September 2016, however, the Group considers that there is an equal probability that the Group may be able to realise a value in excess of this carrying amount.

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 reviewed the Group's cash flow forecasts over the period to October 2018. These indicate that the Group has sufficient cash flows in order to meet its liabilities as they fall due, notwithstanding the uncertainties identified above.

These forecasts represent managements' 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 clients through a competitive tender process and whilst uncertain, management remains confident that sufficient new work will be won in order to meet the Group's targets. A number of tenders have recently been entered into and new contracts have been awarded to the Group since the balance sheet date and prior to releasing the 1Q FY17 financial statements. 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 have 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 Group is also in ongoing discussions with its principal banker regarding appropriate debt facilities going forward.

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 at the amounts stated in the financial statements. However, after assessing the above factors and the non-cash impairment impact of the carrying value of the Port and Marine CGU, the directors consider that the Group continues to be able to meet its obligations as and when they fall due based on:

- 1) The forecasted cashflows 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;
- 2) the current funding facilities available to the Group;

- 3) 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;
- 4) the forecasted cashflows being sufficient to service and potentially reduce the Group's debt position over the period to October 2018; and
- 5) 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.

Overall

The Group has recognised a net loss after tax of AU\$2.2 million for the quarter ended 30 September 2016 and as at that date, current liabilities exceed current assets by AU\$106.1 million and shareholders equity is (AU\$11.8 million). Despite the loss after tax for the quarter, the Group performed strongly from an operational perspective with gross profit of AU\$9.1 million and profit from operations of AU\$2.4 million which is sign that the plans to streamline the business and focus on our core capabilities started in FY2016 is beginning to produce positive returns to the bottom line and sets a good platform for further positive results in FY2017.

From a financing perspective, uncertainty has been reduced significantly with the successful completion of the NCSE on 5 October 2016, the extension of the repayment of the Notes to October 2018 and the waiver(s) obtained from DBS Bank Ltd of all failed covenants until 2Q FY2017. However, management continues to assess 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. One of the options is the potential for some of the Group's current debt providers to convert their debt to equity which has the dual impact of removing the net liability position and reducing the cash outflows from debt servicing after conversion.

The outlook on FY2017 looks positive as evidenced by the operational results on existing contracts, in conjunction with new contracts won and opportunities available not only through new tenders but on existing contracts with organic growth expected from the main contracts at Ichthys.

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/recommended, a statement to that effect

Not applicable.

13. IPT Mandate

Name of interested person	Aggregate value of all interested person transactions during first 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 first quarter of FY2017 (excluding transactions less than \$100,000)
Ezion Holdings Limited (expense)	*AU\$769,133	**AU\$467,771
Ezion Holdings Limited (revenue)	N/A	***AU\$713,723
Aus Am Pte Ltd (expense)	****AU\$600,000	N/A

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

** Charter of vessels and barges, management fee and reimbursement of expenses paid on behalf by Ezion Holdings Limited, covered under the shareholders' mandate.

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

**** Rental of accommodation village at Port Melville on Tiwi Island by Ezion Offshore Logistics Hub (Tiwi) Pty Ltd. Aus Am Pte Ltd is a wholly owned subsidiary of Charisma Energy Services Limited, of which Ezion Holdings Limited has ~42% interest.

14. 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 Chairman

Eng Chiaw Koon
Managing Director

25 November 2016

This release contains certain statements that are not statements of historical fact, i.e. forward looking statements. Readers can identify some of these statements by forward looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could”, or similar words. However, you should note that these words are not the exclusive means of identifying forward looking statements. Forward looking statements are made based on current expectations, projections and assumptions about future events. Although AusGroup believes these expectations, projections and assumptions are reasonable at the time of making them, these forward looking statements are subject to risks (known and unknown), uncertainties and certain assumptions about AusGroup, its business operations, and the environment it operates in. Actual future performance, outcomes and results may therefore differ materially from those expressed in the forward looking statements. Representative examples of these risk factors include (without limitation) general industry and economic conditions, availability of suitably skilled workers, interest rate movements, cost of capital and capital availability, competition from other companies, shifts in customer demands, changes in operating expenses, including employee wages, benefits and training and government and public policy changes. Readers are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.