AusGroup

Strength through diversity

Annual Report 2015

Celebrating 10 Years as a Singapore Listed Company

Throughout our history, AusGroup has evolved to meet the challenges and opportunities faced in our market sectors. Established in Western Australia in 1988, we have become a leading multidiscipline service provider.

The Company listed on the Singapore Stock Exchange in 2005 and has continued to grow into a trusted construction, fabrication, manufacturing and maintenance business operating across Australia and South East Asia. During 2015, we have expanded into the provision of onshore and offshore marine services.

AusGroup now provides a suite of integrated service solutions to energy, industrial and mining clients across the region.

Timeline

1988	Founded as Ausclad, a privately owned, insulation, fabrication and cladding company in Western Australia
1990	Acquired fabrication facilities in Kwinana
1996	Kwinana facility expanded by over 200%
1998	Ausclad reorganised to form AGC (Ausclad Group of Companies)
1999	Operations expanded to Eastern States of Australia, principally in Queensland
2002	AGC purchased painting operations from Brambles
2005	AusGroup listed on the Catalist Board of the Singapore Stock Exchange
2006	AusGroup purchased Cactus Engineering & Trading Pte Ltd in Singapore
2007	AusGroup Limited upgraded to the Singapore Stock Exchange's Mainboard
2009	AGC acquired Modern Access Services (MAS) to provide scaffolding and access services across Australia and expansion into Thailand
2010	AusGroup, AGC and MAS launched a new brand Catcus Engineering & Trading Pte Ltd renamed to AusGroup Singapore Pte Ltd
2012	AusGroup expanded into the Northern Territory and continued to expand throughout Queensland
2013	AGC celebrated 25 years of operation
2014	AusGroup Limited acquired Ezion Offshore Logistics Hub Pte Ltd and Teras Australia Pty Ltd (90%), expanding the business into the provision of onshore and offshore marine services
2015	AusGroup Celebrated 10 years listed on the Singapore Stock Exchange.

Our Core Values

AusGroup core values are considered in every decision we make as a business, enabling us to optimise service delivery and financial performance.

Safety & Wellbeing

We care about the safety and wellbeing of our people at our workplaces, the impacts we have on the environment and the communities we work in. We engage with, encourage and provide opportunities for our team members as we strive to achieve our goals.

Integrity

We are open, honest, consistent and fair in what we say, what we do, and how we work together. We see reflection as a key enabler to make necessary improvement.

Accountability

We are responsible to each other and the teams we work in. We rely on each other to do the right thing to achieve our shared goals and aspirations. We shall be accountable for our words, our work and our actions.

Continuous Improvement

We look to continuous improvement in everything we do. We value being the best we possibly can be – as an individual, as a team and as a Company.

Agility

We shall be cost focused at all times, welcome and embrace change, be resilient and agile in our delivery and be efficient and effective in our operations.

Courage

We encourage our people to be bold, to innovate, to challenge and to improve in everything that we do. We take the initiative to challenge our performance, to push our boundaries and barriers and to continually improve ourselves and our Company.

Contents

About Us

AusGroup

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 schedule.

Through subsidiaries AGC, AusGroup Singapore, MAS and Teras Australia, we provide maintenance, construction, access services, fabrication and 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 (MS)

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

Construction (C)

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

Access Services (AS)

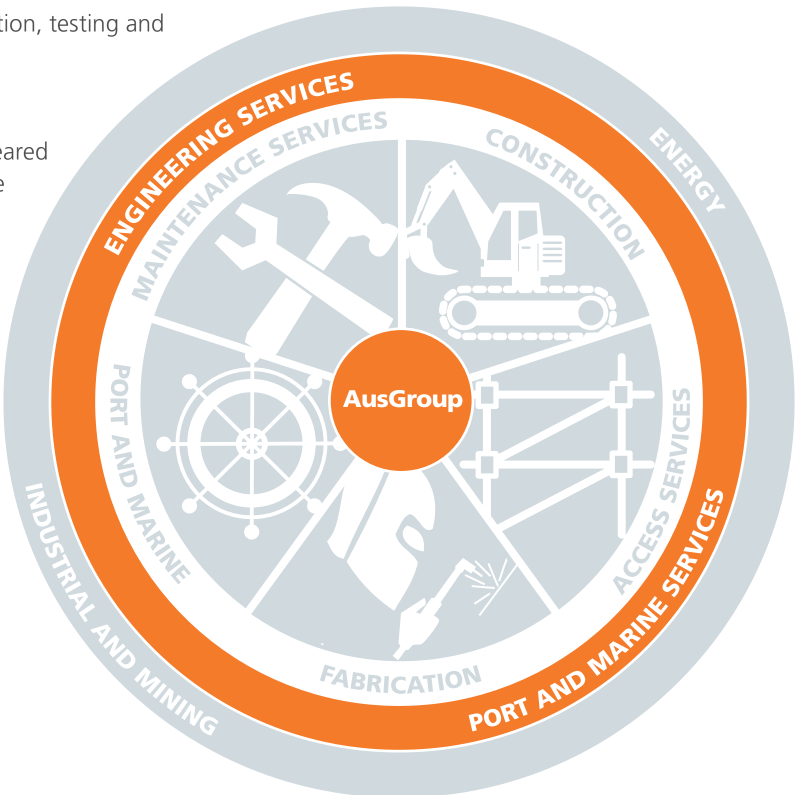
Our access services include scaffolding, engineering and design, labour supply and stock control, logistics, transportation and rope access.

Fabrication (F)

Our fabrication services include manufacturing, fabrication, testing and precision machining.

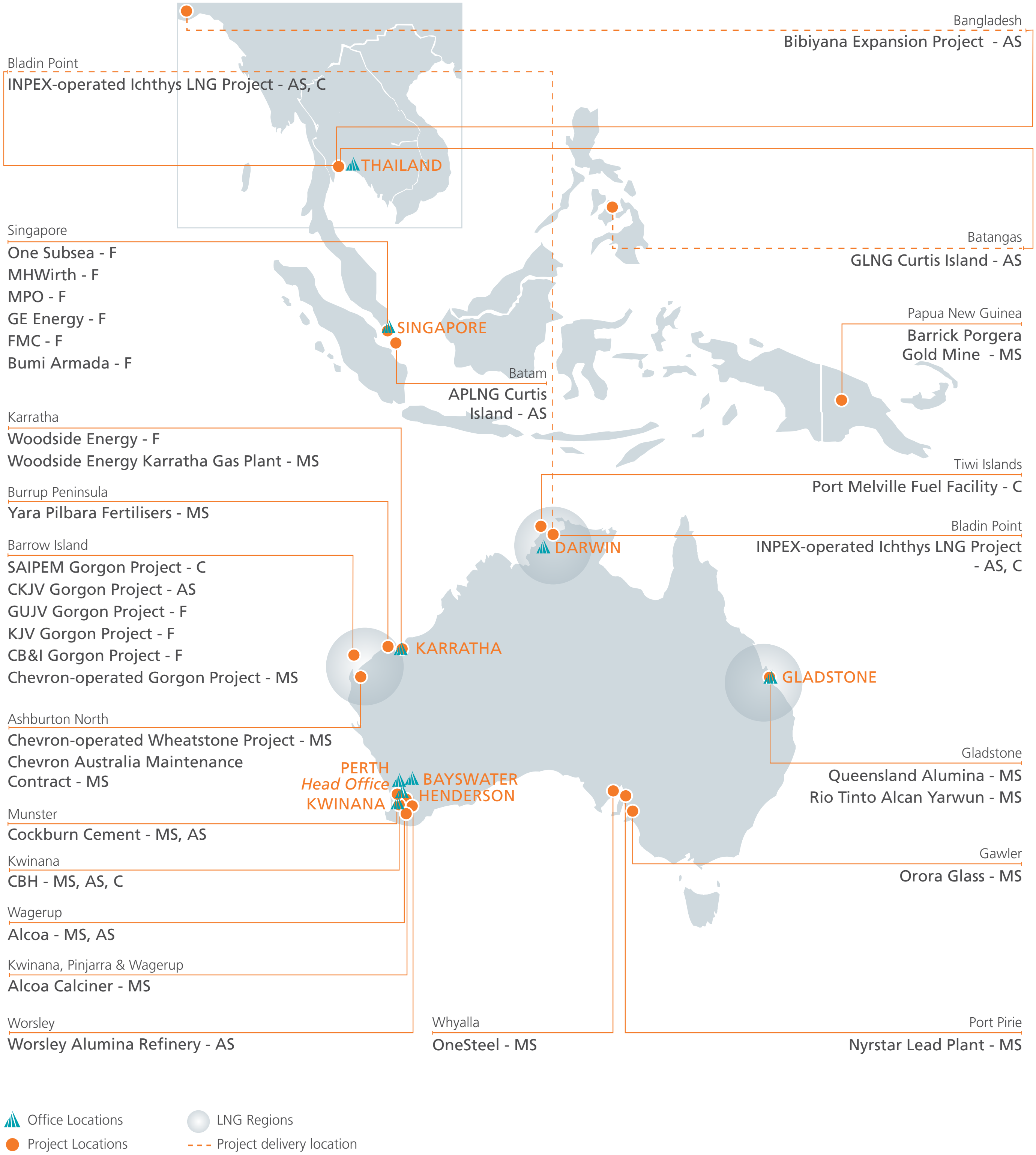
Port and Marine Services (PM)

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.



Supporting our clients to build, maintain and upgrade.

FY 2014/15 Projects



Financial and Operational Performance

FOR THE YEAR

(AU$'000)	**2015**	2014	% Change
Revenue	**427,412**	302,447	41
Earnings before interest, tax, depreciation and amortisation	**26,385**	(6,271)	521
Earnings before interest and tax	**14,354**	(20,552)	170
Profit before tax	**7,755**	(23,252)	133
Profit after tax	**6,210**	(11,871)	152

AT YEAR END

(AU$'000)	**2015**	2014	% Change
Shareholders' funds	**241,870**	194,497	24
Total assets	**543,036**	299,671	81
Net debt / (funds)	**128,411**	(21,216)	NM*
Cash used in operations	**(17,324)**	(30,479)	(43)
Free cash flow	**(107,243)**	10,243	(1147)

FINANCIAL RATIOS

(AU$'000)	**2015**	2014	% Change
Earnings per share (AU$ cents)	**0.9**	(2.3)	138
Return on equity (%)	**2.6%**	(6.1)%	142
Return on assets (%)	**1.1%**	(4.0)%	129
Interest cover (times)	**2.04**	(5.8)	135

PRODUCTIVITY

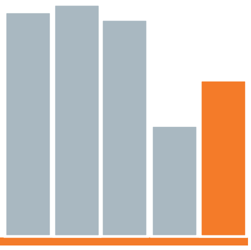
(AU$'000)	**2015**	2014	% Change
Economic value added	**(28,295)**	(31,060)	(9)

* Not Meaningful

REVENUE

(AU$'000)

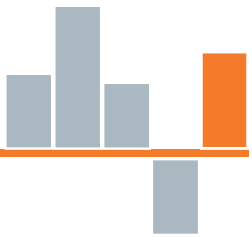
2015	**427,412**
2014	302,447
2013	582,706
2012	632,033
2011	602,026



EBIT

(AU$'000)

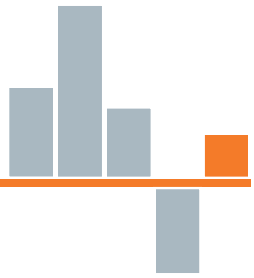
2015	**14,354**
2014	(20,552)
2013	17,651
2012	38,483
2011	20,407



PROFIT AFTER TAX

(AU$'000)

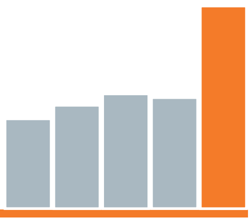
2015	**6,210**
2014	(11,871)
2013	9,709
2012	23,313
2011	12,397



TOTAL ASSETS

(AU$'000)

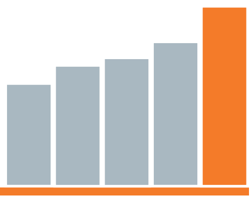
2015	**543,036**
2014	299,671
2013	305,791
2012	281,469
2011	255,702



SHAREHOLDERS' FUNDS

(AU$'000)

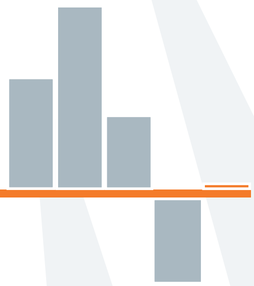
2015	**241,870**
2014	194,497
2013	173,200
2012	163,950
2011	139,082



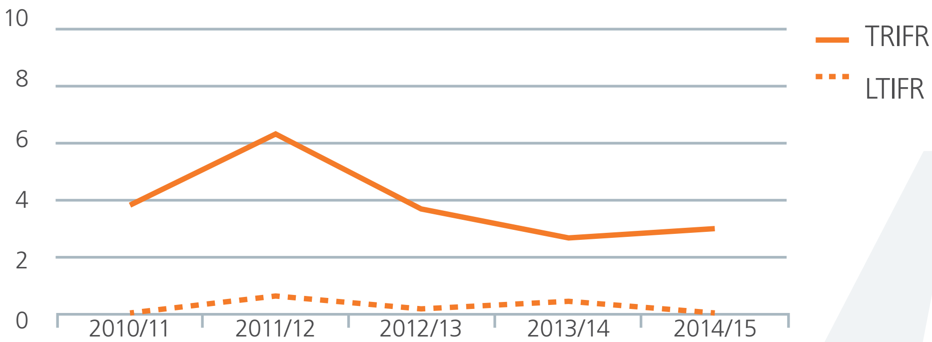
EARNINGS PER SHARE

(AU$ cents per share)

2015	**0.9**
2014	(2.3)
2013	2.0
2012	4.9
2011	3.0



INJURY FREQUENCY RATES



3.17 TRIFR

(per million man hours)

Stuart Maxwell Kenny,
Executive Chairman

Chairman's Report

The results demonstrate that the refocus of our strategy and structure, commencing in FY14 has provided a solid foundation for the years ahead.

Dear Shareholders,

Over the last year, our focus has been on supporting our clients and shareholders, providing delivery assurance, maintaining a reduction in our cost base, and rebuilding the order book. It is great to see that we have made solid progress toward these goals.

Firstly, AusGroup's operating result of a net profit of AU$6.2 million for FY15 was pleasing given the disappointing result in FY14 and the challenging economic environment in our major markets. While we aim for continuous improvement, the results demonstrate that the refocus of our strategy and structure, commencing in FY14 has provided a solid foundation for the years ahead.

The Group's annual revenue was AU$427.4 million (FY14: AU$302.4 million), an increase of 41.3%. This reflects a significant increase in the contribution from our Maintenance Services division which contributed 33.5% of revenue and the diversification into Marine Services that contributed 3.6% of the annual revenue, following the acquisition of Ezion Holding Limited's Australian assets in November 2014. Both businesses are well positioned to experience growth in terms of revenue and profitability in FY16.

Secondly, we have improved margins and reduced our cost base from AU$46.1 million in FY14 to AU$44.3 million, a reduction of 3.9% unadjusted. When adjusted for restructuring costs (AU$2.0 million) and share option expense related to acquisition of the Marine Services business (AU$2.2 million), the annual reduction is 13.2%. In order to continue to strengthen our performance going forward, the executive team has implemented a Transformation Program that aims to deliver significant savings to the business as we achieve an efficiency dividend of circa AU$10 million. This will come from improvement in processes right across the project delivery value chain, more effective supply chain management and improving our risk management processes.

Finally, it is pleasing to see a healthy order book, rebuilt to AU$466.6 million as at 30 June 2015 and up 24.0% from the prior period. This has been achieved by our focus on key projects where we were able to provide clear differentiation and value to our clients in the LNG sector.

While uncertain times remain, we are confident that these steps have created the essential platform for success in the future.

We are pleased that our shareholders passed all resolutions presented at our Extraordinary General Meeting in October 2014. These resolutions provided for the

MAS scaffold and associated services contract on the Chevron-operated Gorgon Project, Barrow Island, Western Australia
Image courtesy of Chevron Australia

Sales and Purchase Agreement (SPA) with Ezion Holdings Limited (Ezion) for the purchase of their interests in Ezion Offshore Logistics Hub Pty Ltd (EOLH) and Teras Australia Pty Ltd (TAPL). As a result, we were able to extend our service offering through the development of a port and supply base on Melville Island and the provision of onshore and offshore marine services in Australia and beyond. The transaction has since been completed and progress has been made to commercialise the model. The construction and commissioning of the 30 million litre tank farm for marine diesel fuel was completed on 31 July 2015 and we await final approval of our operational plans that ensure no adverse impact on the environment.

On behalf of the Board, I would like to take this opportunity to thank Dr Chew Kia Ngee for his service as independent director and chairman of the Board over a number of challenging years. I personally thank him for his commitment to the Company. I would also like to thank Grant Pestell for his service as an independent director. Their counsel was always appreciated and we wish them well in the future.

Also on behalf of the Board, I would like to welcome Gerard Hutchinson to the role as Managing Director and CEO - Engineering Services. Previously CFO for the Company, Gerard has led the Group through challenging times and will continue to strengthen our business with the support of the executive team. Furthermore, I would like to welcome independent director Chew Heng Ching to the Board. As can be seen in their profiles contained in this annual report, they bring a diversity of experience from their commercial and professional backgrounds.

I would also like to express my gratitude and thanks to the remainder of the Board for their ongoing trust and support.

Lastly, to all our shareholders, we are confident that we have the right strategy and ability to deliver sustainable results moving forward and I thank you for your continued support.

Stuart Kenny
Chairman, AusGroup Limited

Gerard Patrick Hutchinson, Executive Director, Managing Director and Chief Executive Officer - Engineering Services

CEO's Report - Engineering Services

Our business is strong with a substantial level of work-in-hand.

In 2015, the Engineering Services business has made significant progress to rebuild and position itself for sustainable revenue growth and profitability into the future. Tremendous effort from our employees has enabled us to deliver across our portfolio of contracts and produce a solid profit result for our shareholders as we continue our strategy to focus on matching our diverse capabilities with our client's needs.

Despite the expected reduction in capital expenditure across our markets, our business is strong with a substantial level of work-in-hand. Following the award of the scaffolding services contract on the Inpex-operated Ichthys LNG Project in 2014, we also secured the painting, insulation and fireproofing contract. Both contracts commenced in earnest during the year and are performing well despite the delayed release of work fronts. In addition to our multi-year, multi-service maintenance agreements with Woodside Energy Limited on their Karratha Life Extension project and Alcoa of Australia Limited for their WA-based assets, we secured a five-year maintenance agreement with Chevron Australia Pty Ltd. As at 30 June 2015, our order book was AU$466.6 million, up by 24% against the prior year comparative. Due to the significant maintenance contracts, this order book replenishes as the next phase of the work is planned.

Financial Performance

Our revenue for 2015 increased to AU$412.0 million, up from AU$302.4 million in the prior period – an increase of 36.2%. This was mainly driven by our Projects business (including scaffolding) which delivered revenue of AU$182.0 million (44.2%) and our Maintenance Services business that contributed AU$143.3 million (34.8%).Our Fabrication and Manufacturing business was impacted the most by the decrease in capital expenditure in its sector, contributing AU$86.6 million (20.8%).

The reduced activity in the Fabrication and Manufacturing sector made it necessary to look at the carrying value of the goodwill in those businesses. Based on current visibility of the revenue pipeline in those businesses and the lack of certainty regarding the commencement of the next capital expenditure cycle, it was determined prudent to make an one-off non-cash impairment as at 30 June 2015, being AU$0.6 million for the Kwinana facility and AU$2.9 million for the Singapore facility. In addition, we have completed a strategic review for both operations to ensure that we are appropriately structured to accommodate ongoing demand for their services.

Importantly, the Engineering Services business returned to profitability in 2015, contributing AU$10 million net profit after tax, following a net loss after tax of AU$11.9 million in 2014.

Chevron Australia – Master Contractor Services Contract.
Image courtesy of Chevron Australia Pty Ltd

The business has also successfully improved its funding capacity during the year. DBS of Singapore replaced Wingate as our lead bank and achieved three key objectives; reduced the total cost of funds to the business, extended the loan repayment profile, and provided bonding capacity that we did not have in 2014. In addition, we have secured new surety facilities which further improve our capacity to provide the bonding when required under our contracts.

Risk Management

Risk management is essential to creating sustainable shareholder value. To this end, we have further enhanced our risk management processes across the project delivery life cycle including our project bidding, contract formation and project execution phases. This has enabled us to better define, measure, manage and control risk across the business.

In a challenging market such as what we are experiencing, the major focus has been on tendering to ensure the projects we are pursuing can provide the right profit for the risk our clients ask us to take. Once successful, the focus shifts to reporting and monitoring performance to ensure we are achieving what was expected in our submissions and execution plans and managing any deviations.

Works completed in CUEL fabrication yard, Thailand

While we continue to focus on our client needs, we are identifying ways to improve what we do.

We are progressively improving our systems to implement best practice management reporting systems and practices.

Health, Safety, Sustainability and Quality

Safety is a core value in everything we do. As such, it is pleasing to see that while the statistics do not drive our actions, they do support our intent and effort. Through the continued application of our Perfect Day philosophy, our Total Recordable Injury Frequency Rate (TRIFR) is at or better than industry standards. Our TRIFR has remained below our target at 3.17, despite a significant increase in the hours recorded resulting from increased activity. Such an outstanding result can only be possible due to considerable effort by all employees across the business focusing on one Perfect Day at a time.

Transformation Program

While we continue to focus on our client needs, we are identifying ways to improve what we do – our efficiency and effectiveness. There are significant opportunities for us to re-assess how we go about delivering the services we need. We are reviewing; how we are structured, how we look at savings across our entire supply chain, how our processes allow for efficient transactions, and how we support our operations.

As such, we have recently commenced the Transformation Program which is focused across a number of streams that aim to formalise plans to enable increased efficiency and effectiveness. The program has been designed to deliver considerable savings and enable our employees to better focus on where our value is created – in delivering innovative integrated projects for our clients.

Strategy and Outlook

Last year we said that we would be focusing on our strengths. This has become increasingly important as the falling oil price has created significant uncertainty across the sector. However, the concept of integrated services is still one that resonates with our clients and underpins the successful shift in our portfolio towards the provision of maintenance services.

As the capital expenditure cycle concludes, we have created critical mass in the maintenance market, particularly for the Liquefied Natural Gas (LNG) segment where we are involved in providing ongoing services for three of the major facilities in Australia. These provide long-term opportunities for sustainable business over the operational phases of these developments.

Going forward, we will continue to look to transfer these learnings and specialisations into adjacent markets both in Australia and in South East Asia. We will also continue to support the development of the Marine Services business as it grows and provides diversification for the Group as a whole.

Our People

Finally, a word of thanks to our people. It has been a challenging period for us all and I am thankful for their support and effort each day in creating a solid and sustainable platform.

Gerard Hutchinson
Chief Executive Officer - Engineering Services

Welding at our Singapore facilities

Captain Larry Glenn Johnson,
Executive Director and Chief Executive Officer
- Port and Marine Services

CEO's Report - Port and Marine Services

The Port Melville development will create jobs, downstream business opportunities and multiple revenue streams for the local community.

The Port and Marine Services business has accomplished a number of strategic milestones over a very challenging 12 months with the development of Port Melville Port and the expansion of our quality marine transportation brand.

Our business consists of three recently established companies; Ezion Offshore Logistics Hub (TIWI), developer and operator of Port Melville Port, Top End Marine Supply Base in Darwin and Teras Australia which charters and operates marine vessels.

The challenges over the past year have been amplified by the global downturn in oil prices and the resulting economic uncertainty in the oil & gas industry. Notwithstanding these unexpected circumstances, the Port and its associated facilities and infrastructure have been delivered on time and within budget. The first two years were focused on funding for the Port, acquiring a small fleet of vessels and addressing the multitude of regulatory requirements, licenses, certifications, plans, procedures and programs necessary to facilitate the construction of the Port and to manage vessels and crews.

The successful implementation of the first part of our strategy has given our business growing recognition both locally and globally. This is demonstrated through our success in securing a number of contracts for barges and one of the world's largest Jack-up lift boats for oil and gas projects in Western Australia. The Group also entered into a joint venture agreement with two US companies and was awarded a two year contract to provide heavy haul marine transport and related services between South Korea and Sakhalin Island, commencing in the second quarter of 2016. This element of the business is already providing the company with the resilience to manage ongoing economic unpredictability, and opportunities to grow revenue and market share overseas.

Port Melville construction is now complete, with the first shipment of woodchips expected shortly. With the support of the Tiwi people, the Port Melville development will create jobs, downstream business opportunities and multiple revenue streams for the local community.

Marine transportation performed by Teras Australia to remote communities including the Tiwi Islands, will continue to be a core component of our revenue base and our commitment to the development and employment of local Aboriginal communities on the Tiwi Islands and in the Northern Territory.

The fourth quarter of 2015 will see our broader strategy begin to unfold with several key business partnerships in place to facilitate global expansion. 2016 will see AusGroup continue to diversify into the port and marine sector.

One of the most rewarding aspects of our business is our continuing commitment to ATSI development. Our ability to attract, train and retain ATSI personnel is unmatched in the marine industry. Our success in this area has been recognised locally, regionally and internationally.

As a logistical solutions provider, we work to solve complex problems through the development of our diverse team and breadth of experience. As a people-focused business, we realise that the ongoing success of the company is entirely due to the hard work, commitment and vision of our workforce.

As an emerging marine services business, there are a number of opportunities available to us and I look forward to strengthening our position in the market.

Captain Larry Johnson
Chief Executive Officer - Port and Marine Services

Board of Directors

Stuart Maxwell Kenny

Age 63, Australian

Executive Director & Chairman

- Member of Board of Directors

Mr Kenny has more than 40 years of experience in commercial, mining, and oil & gas construction, gaining extensive experience at all levels within project organisations including as senior project manager on large resource construction projects. He has managed major construction contracts both within Australia and wider Asia, receiving clients' commendation for his emphasis on project quality, team management and workforce safety.

Mr Kenny has been a member of the AusGroup Board of Directors since November 2004, and was appointed to the position of executive board chair in November 2014. Mr Kenny held the position of CEO and managing director of AusGroup Limited for over 13 years collectively, returning to the role in an acting capacity most recently from October 2013 until April 2015.

Gerard Patrick Hutchinson

Age 47, Australian
MBA, MBL, MSc(IS), BEc, MA (research), FCA, FAICD, FAIM

Executive Director, Managing Director and Chief Executive Officer - Engineering Services

- Member of Board of Directors

Mr Hutchinson was appointed to the Board in November 2014 and to the position of managing director and chief executive officer – engineering services in May 2015. Prior to this appointment, he held senior roles at AusGroup including chief financial officer from November 2013 and executive general manager, corporate development from December 2012.

Mr Hutchinson is a qualified chartered accountant and brings a broad range of international, commercial and financial experience across the engineering and contracting service industries throughout Australia, New Zealand and Asia. He holds a Bachelor of Economics and a number of Masters including Business Administration and Business Law.

In addition to his executive roles, Mr Hutchinson has been non-executive director of Benthic Geotech Pty Ltd since 2010 and was recently appointed to ASX-listed Korvest Limited, where he serves as an independent director and chair of the audit committee.

Captain Larry Glenn Johnson

Age 62, American
EMBA, Licensed Master, Unified Incident Commander

Executive Director and Chief Executive Officer - Port and Marine Services

- Member of Board of Directors
- Member of Health, Safety and Sustainability Committee

Captain Larry Johnson is a seasoned marine professional with more than 38 years of experience in the maritime industry. He holds a valid USCG Masters License with 22 years of management experience, including 14 years of P&L responsibilities. Captain Johnson is a US patented inventor of towing appliances, the author of several papers and has developed numerous transportation strategies.

Captain Johnson has worked on a number of projects in varying capacities on behalf of ExxonMobil, Chevron, Aker Kvaerner, ConocoPhillips, KBR, Clough, Technip, CBI and Bechtel. For the past five years, based in Australia, he has been instrumental in building the Ezion business locally with recent successes on flagship LNG projects on Barrow and Curtis Islands.

The AusGroup Board of Directors is committed to ensuring the highest standards are practised throughout the company and its subsidiaries.

Eng Chiaw Koon

Age 53, Singaporean
DipMechEng

Executive Director

- Member of Board of Directors
- Member of Nominating Committee

Mr Eng holds a Technical Diploma in Mechanical Engineering and brings 12 years of experience in the marine support industry. Currently executive director of AusGroup Limited, Mr Eng was previously director, special projects with Ezion Group, CEO of Aqua-terra Supply Co. Ltd (a subsidiary of KS Energy Services Limited) and the chief operating officer of KS Distribution Pte at KS Energy Limited.

With a background in the electronics industry, specialising in the process audit, vendor quality and management, Mr Eng set up Aero-Green Technology (s) Pte Ltd in 1996 to pioneer the commercialisation of aeroponic technology, with the company winning the first Asian Innovation Award from the Far East Economic Review in 1998 and a UN Urban Agriculture Award in 2000.

Barry Alfred Carson

Age 70, Australian

Non-Independent Non-Executive Director

- Member of Board of Directors
- Chairman of Remuneration and Human Capital Committee
- Member of the Nominating Committee

Mr Carson has almost 50 years of experience in the building and industrial sectors. From 1964 to 1991, he was employed by CSR Limited, and rose to be the state manager for CSR Bradford Insulation, a large Australian insulation manufacturer.

Since 1995, Mr Carson has been the managing director of Australasian Insulations Supplies Pty Ltd, dealing in its technical insulation markets such as LNG plants and refineries process. He has served in the Australian Defence Force, where he earned the rank of Army Major and was awarded the National Medal and Reserve Forces Decoration. Mr Carson graduated from the West Australian Institute of Technology with an Associateship in Business Administration (Marketing Option) in 1974.

Chew Heng Ching

Age 64, Singaporean
BE(Ind Eng), (Hons Class 1), BA(Econ)

Independent Non-Executive Director

- Member of Board of Directors
- Lead Independent Director
- Member of the Audit Committee
- Chair of the Nominating Committee

Mr Chew has more than 30 years of experience in both the public and private sectors and has held a number of senior roles including chairman, CEO and managing director with various listed companies. He now serves as non-executive director at Bonvest Holdings Ltd, Chosen Holdings Ltd, Pharmesis International Ltd, Spindex Industries Ltd, Sinopipe Holdings Limited and Stratech Systems Limited. He also serves on the Board of Thye Hua Kwan Moral Charities and Ang Mo Kio-Thye Hua Kwan Hospital.

Mr Chew was the founding president of the Singapore Institute of Directors and chairman of its Governing Council from 1998 - 2009 and was a council member of Singapore Business Federation. He served on the Board of the Singapore International Chamber of Commerce from 1996 to 2015 and was chairman from 2005 - 2007.

Former Deputy Speaker of the Singapore Parliament and Member of Parliament from 1984 to 2006, Mr Chew was Chairman of the Estimates (Budget) Committee and sat on the Public Accounts Committee. He was also the Coordinating Chairman of all PAP Town Councils in Singapore.

Ooi Chee Kar

Age 60, Singaporean
BAcc (Hons), FCA (ISCA), FCA (ICAEW)

Independent Non-Executive Director

- Member of Board of Directors
- Chairman of Audit Committee

Ms Ooi Chee Kar brings more than 30 years of professional experience in Singapore and the United Kingdom. Ms Ooi is currently an independent director of Pacific Radiance, Singapore Eye Research Institute, Tokyo Marine Life Insurance Singapore Ltd., Tokyo Marine Insurance Singapore Ltd., member of the Audit Committee of National Council of Social Services and exco member of MILK (Mainly I Love Kids) Fund.

Qualified as a UK chartered accountant, Ms Ooi's experience is broad-based, covering a wide range of industries from financial services to shipping and oil trade. She was an audit partner at PricewaterhouseCoopers, Singapore until the end of 2012 where she was a lead partner of a number of large audit clients, whose businesses are spread over many countries in the Asia-Pacific region and beyond.

Ms Ooi is a fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and a fellow of the Institute of Singapore Chartered Accountants (ISCA).

Wu Yu Liang

Age 55, Malaysian, (Singapore Permanent Resident)
LLB (2nd Upper Hons)

Independent Non-Executive Director

- Member of Board of Directors
- Member of the Audit Committee
- Member of the Remuneration and Capital Committee

Mr Wu brings more than 28 years of professional experience, advising a broad spectrum of corporate and commercial issues, ranging from the establishment of joint ventures and other investment vehicles to advising on corporate and debt restructuring. He advises both local and foreign clients on suitable investment structures and is well versed in the mechanics, regulatory and practical aspects of the securities industry.

Mr Wu is an independent director of Jiutian Chemical Group Limited, China Environment Limited and Pan Asian Holdings Limited.

Damien Marian O'Reilly

Age 61, Australian
BA(Hons 1st Class), MSc, FAusIMM (Chartered Professional: Mngt), GAICD, FIQ

Independent Non-Executive Director

- Member of Board of Directors
- Member of Remuneration and Human Capital Committee
- Chairman of Health, Safety and Sustainability Committee

Mr O'Reilly has more than 20 years of high level experience within the resources sector and has held key positions with two of Australia's leading industry bodies, the Minerals Council of Australia (MCA) where he was a director for three years including chairman of the Standing Committee for Health and Safety, and the Chamber of Minerals and Energy Western Australia where he served as an executive councillor and subcommittee chairman until recently.

He has been involved in the establishment of more than 100 mines and associated infrastructure across the minerals spectrum. Mr O'Reilly holds a BA (Honours 1st Class) from the University of Adelaide, an MSc Mineral Economics from the WA School of Mines and has completed the GSM / AIM / Harvard Joint Executive Development Program. He is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM), a Graduate of the Australian Institute of Company Directors (GAICD), and a Fellow of the Institute of Quarrying (FIQ).


AGC
perfect day
AGC
AGC

Executive Management Team

Michael Nesbitt

Age 54, Australian
BEng (Civil), MScProjMgt, AICD

Executive General Manager - Projects

Mr Nesbitt has a combined 30 years of construction industry experience in major energy, oil & gas, mining, industrial and infrastructure projects located throughout Australia and South East Asia.

He has a broad management knowledge base, learned within global engineering and construction service corporations including KBR and AECOM. His knowledge and skillsets include engineering design, project studies, project engineering, cost estimating and project controls as well as business development. In addition to his project management experience, Mr Nesbitt has been responsible for operational management of commercial, safety and environment, people and procurement functions from construction through to the commissioning phase of projects.

Mr Nesbitt's career has seen him successfully deliver business outcomes for owner corporations including INPEX, Chevron, Mobil, Coca Cola, AGL, BHP Billiton, Glencore and Rio Tinto. He has performed business and project operational roles including executive general manager, project director, project manager and construction manager.

Paul Birighitti

Age 46, Australian
BEng (Hon), BSc (Chem), Fellow Eng Aust

Executive General Manager - Maintenance Services

Mr Birighitti has over 20 years of experience leading and delivering services in the oil & gas, utilities and mining & mineral industries. With a Bachelors in Science and Engineering (Hons), Mr Birighitti's leadership responsibilities have included the development, implementation and management of engineering, project and construction services for greenfield and brownfield process facilities.

With a passion for building collaborative teams and effective leadership, Mr Birighitti is focused on developing client solutions. In his current role, he is responsible for working with major clients including Chevron, Woodside and Alcoa.

Mr Birighitti's career has seen him successfully deliver business outcomes in the roles of CEO, operations director, state manager, executive general manager and national manager for major corporations across Australia, Malaysia, Singapore, Pakistan, Thailand and Europe. In recent years, Mr Birighitti has been instrumental in securing and delivering multi-million dollar projects and service support contracts across Australia and internationally through his results-driven approach.

Phillip Coetzer

Age 34, Australian
BCom, CA AFAIM

Acting Chief Financial Officer

Mr Coetzer has over 13 years of diverse finance experience, commencing his career with a big four accounting firm. Following this, he held senior positions in the construction and engineering sector prior to joining AusGroup in April 2014 in the role of group manager, finance.

He is a qualified Chartered Accountant and has worked across Australasia, North America and Africa. His background includes due diligence and integration, continuous improvement and cost saving initiatives as well as debt / capital raising.

He holds a Bachelor of Commerce and is a member of Chartered Accountants Australian and New Zealand (CA) and an associate fellow of the Australian Institute of Management (FAIM).

Mr Coetzer was appointed to the position of acting chief financial officer of AusGroup in May 2015.

The AusGroup Executive Committee are charged with monitoring Group performance and identifying key issues and opportunities within the business.

Christopher Dargie

Age 42, Australian
BASc, MBA

Executive General Manager - Strategy, Development & Singapore Operations

Mr Dargie has more than 18 years of experience in the natural resources industry. He has held senior management positions across Australia, Singapore and Brazil, working for Subsea 7 Acergy, Apache and Chevron.

With a Bachelor of Applied Science (Construction Management and Economics) and a Master of Business Administration from the University of Western Australia, Mr Dargie works to develop and guide the Group's strategic objectives as well as overseeing the sales, marketing and corporate affairs functions within the business.

Through regional experience and industry knowledge, Mr Dargie is also responsible for enhancing both the operational and financial performance of the Groups Singapore based precision machining and fabrication business.

Tony Tomich

Age 56, Australian
TRC NZ, Dip PM Aus

Group Manager People Capital

Mr Tomich has over 26 years of experience in supporting maintenance, major projects, fabrication and manufacturing from a contractor and an EPC perspective for both onshore and offshore activities.

Mr Tomich manages the development and implementation of the Group's People Capital strategy. His role supports the selection and retention of the best people resources for the Group, while promoting the company values at all times.

With AusGroup for 15 years, Mr Tomich is responsible for managing the Human Resources functions including; remuneration and benefits, ATSI program and initiatives, employee / industrial relations, recruitment and learning & development.

In his role, Mr Tomich maintains strong relationships with industry bodies and associations as required by AusGroup.

Mark Johns

Age 50, Australian

Group Manager Health, Safety, Sustainability and Quality

Mr Johns has over 15 years of experience in the resources industry, working on major oil & gas and mining projects.

With AusGroup for over a decade, Mr Johns is responsible for the ongoing strategic planning, maintenance and continuous improvement of the HSSQ management system, including risk management, team performance and leadership development management, workforce negotiation and liaison.

Mr Johns is focused on introducing dynamic measures of performance, seeking to support AusGroup in achieving HSSQ excellence through active and visible engagement at all levels within the company. This includes providing sound strategic, tactical and policy advice to the management team on HSSQ and related matters.

AGC staff in West Perth, supporting Australia's Biggest Morning Tea 2015

People, Culture and Communities

AusGroup values the health and wellbeing of our people.

The culture of our business is built by the people we employ and the consideration of our values in the decisions we make. Our values guide our professional and personal interaction and play a key role during the recruitment process and throughout the careers of our people.

Our Performance Appraisal Development Process (PADP) provides a platform for managers and staff to discuss the past years' performance against key performance indicators and the Group's values. This process provides a platform for managers and staff to discuss the past years' performance against key performance indicators and the Group's values. The process allows for the recognition and reward of individual performance and the definition of professional development strategies. This information contributes to the development of the AusGroup Training Needs Analysis for the year ahead.

Over the past 12 months, AusGroup has continued to deliver new internal training initiatives including; commercial, contracts and claims and quality assurance / quality control training. Providing training and development opportunities for our people allows them to continually improve within the company and provides the business with skilled and experienced personnel. Interactive on-boarding modules are due to be rolled out in the coming months, providing new starters and existing employees with detail on all business functions. These modules will ensure that personnel are fully aware of all AusGroup processes and procedures as well as behaviours and expectations that align with the Group's values.

The Learning and Development team has also been focused on supporting clients through systems, accurate data, documentation and the implementation of client-required training programs. The trainees and apprentices across the business also made significant progress throughout the year with over 31 participants enrolled in the program.

AusGroup values the health and wellbeing of our people. We are aware of the emerging industry focus on the mental wellbeing of all employees, with an estimated 45 per cent of Australians experiencing a mental health condition in their lifetime. It is important that our people feel supported and are provided with the tools to deal with any mental health issues they may be facing, particularly those working in remote locations separated from their family and friends. In addition to our Employee Assistance Program, we endeavour to increase awareness, reduce stigma and provide assistance through the establishment of a visible mental wellbeing program.

The AMJV team onsite at the Ichthys Project, Darwin

Braden Hart is a member of the local Aboriginal and Torres Strait Islander (ATSI) trainee program recently implemented on the INPEX-operated Ichthys Project

ATSI

AusGroup's Aboriginal and Torres Strait Islander program has been a significant part of the business and culture since its inception in 2009. During this time, the program has been recognised by clients as instrumental in the integration of projects and local communities.

Our commitment to increasing the participation of ATSI people throughout our workforce is supported by key programs and policies which are designed to attract, support and improve the retention of ATSI employees.

AusGroup subsidiary AGC is a signatory to the Australian Employment Covenant and is committed to developing opportunities and closing the gap. AGC has also engaged with a local Noongar foundation and will contribute through investment to; education, scholarships, youth programs, leadership and aspiration programs.

The award of the Painting & Insulation and Scaffolding contracts for the INPEX-operated Ichthys Project has generated opportunities for local businesses and workers. The Group has worked closely with the local communities to identify suitable local ATSI businesses and suppliers, helping to build capabilities and encourage long-term growth.

AusGroup subsidiaries AGC, MAS and Teras Australia are all corporate members of Supply Nation, Australia's premier business-to-business membership body dedicated to growing diversity throughout the supply chain by engaging local ATSI businesses.

After 18 months of collaborative work with Supply Nation, subsidiary AGC was shortlisted as a finalist in the Supplier Diversity Awards category for "Up and Coming Member of the Year".

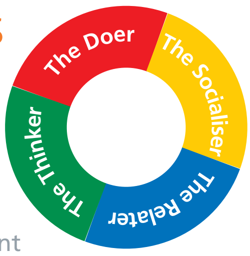
Communities

Supporting the communities in which we work and live is an important focus for the Group. This financial year, AusGroup has seen increased staff participation in community initiatives across the business.

Teams from our West Perth and Kwinana offices spent time at the Kwinana Beach Foreshore as part of the Clean Up Australia initiative. The day was a great opportunity to contribute toward a clean, healthy and sustainable environment and engage with our local community.

A focus for many of the Group's fundraising events this year was cancer research and support. With donations from Pink Ribbon Day, Australia's Biggest Morning Tea and the World's Greatest Shave, employees made a significant contribution, with the support of AusGroup.

E-Colors



AusGroup has re-introduced the E-Colors program which helps identify different personality styles, enabling people to better understand themselves and those around them. Now available to all AusGroup staff, participants across the business have embraced this program and our ongoing workshops have become increasingly popular.

AGC staff at Kwinana Beach Foreshore supporting
Clean Up Australia Day 2015

Health, Safety, Sustainability and Quality

We were able to achieve zero injuries over extended periods of time whilst working on complex projects

To achieve our objective of developing and embedding safety and sustainability principles in our business, we continue to engage our people to build culture and acceptable accountabilities for all that we do. The past 12 months has been a year of consolidation for the business, with a focus on attracting new HSE personnel to further develop our programs and systems and assist with the advancement of knowledge, skills and competency, particularly in front line management.

Our people continued to embrace and demonstrate commitment to their own safety and wellbeing and the safety and wellbeing of their work colleagues with a continued improvement in safety key performance indicators and ratios.

The safety and wellbeing of our employees is paramount, and Perfect Day continues to provide context and clarity throughout all levels of the organisation.

Perfect Day encourages our people to be empowered and engaged through a positive and personal connection, with authentic discussions around attitudes, behaviours and outcomes. Where opportunity exists for improvement, Perfect Day provides personal context for change.

The Group has continued to deliver sustained levels of injury free environments, with particularly good performance in our fabrication, manufacturing and machining facilities in Australia and Singapore. Our teams on site in Darwin have achieved recognition for incident free mobilisation.

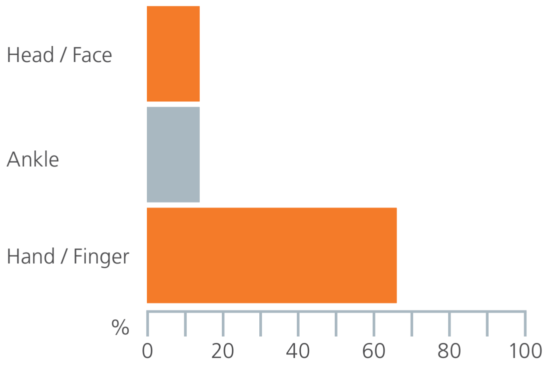
We were able to achieve zero injuries over extended periods of time whilst working on complex projects, with our Major Projects (SMP) business unit recording a zero TRIFR; a commendable result. MAS has continued to perform at consistently high levels and continues to drive change through engineering designs; whilst our Maintenance Services business unit continues to develop people and build management structures to support the delivery of HSE excellence, with significant improvements achieved over the last quarter.

Our lead and lag indicators continue to improve across specific HSE categories with an overall 12.4% reduction in total frequency rates based on FY15 targets, achieving 3.17 TRIFR for the period, which sees AusGroup operate at the leading edge of HSE performance.

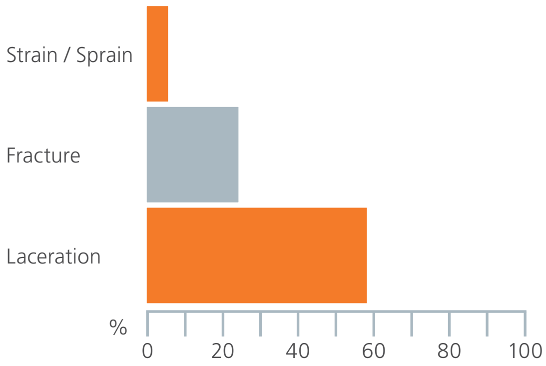
We continue to see a reduction in the number and frequency of injuries, notwithstanding the nature and mechanisms of injury that continue to challenge us, particularly hand and line of fire injuries.

Recordable Injuries

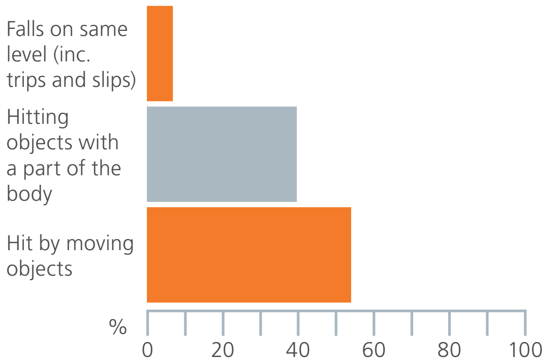
Body Parts



Nature of Injury



Mechanisms



The Group has continued to focus on increasing participation of lead indicating activities throughout the business, with significant improvements across a range of measures. Our ongoing focus on delivering our strategic objective with fit for purpose, customer focused programs and intuitive systems, provides a steady platform to launch into FY 2016.

AusGroup's HSE performance has been recognised by many of our clients throughout the year with awards and certificates of appreciation for injury free periods and proactive behaviour from front line leaders and their teams.

In line with our focus on continuous improvement, we recognise the importance of investing in the development of our HSE employees. This financial year saw two members of our HSE team complete qualifications including; Lead Auditing Training and a Diploma of Occupational Health and Safety.

Whilst we continue to see year on year performance improvement, the elimination of injury and illness to our workers continues to be central in our HSE strategic thinking.

2016 will be a year where we continue to transition from contraction and personal safety focus, into a more dynamic maintenance and process safety program. We will develop initiatives to assess the knowledge, skills and experience of our people and look at our systems and processes to ensure that they are fit for purpose and easy to use. The business will continue to work with our major clients to ensure alignment in all aspects of project execution.

Ezion Offshore Logistics Hub (Tiwi) Pty Ltd –
Port Melville Bulk Fuel Facility

Operational Overview

In addition to providing core engineering and construction services, we endeavour to create practical solutions for our clients

Projects

The Projects business provides SMP (structural, mechanical, piping) and PIF (painting, insulation, fireproofing) services in line with the Group's strategic focus to supply our clients with integrated construction services on major projects. This year, operations focused on winning and executing projects within the oil and gas industry across Australia and South East Asia. The business is delivering projects under both construct-only and EPC contracts, with the Melville Island Bulk Fuel Facility engineered, procured, constructed and commissioned on a fast track basis within the year.

Our focus remains on successful delivery of our major projects in the Northern Territory, Western Australia, Queensland, Thailand, Malaysia and Indonesia. In these locations, LNG investment is supporting the construction of onshore facilities and driving the increasing demand for module fabrication yards' services. The business unit is achieving improved project delivery outcomes, supported by a newly created Project Management Office (PMO). The PMO helps to deliver continuous improvement of group management systems through the capture of knowledge and key learnings in addition to performing corporate governance through peer reviews.

Internal improvement highlights for the year included the development of several key in-house project control system tools, increasing our insulation workforce capability and capacity in South East Asia and introducing a proprietary estimating system to our centralised estimating team.

In addition to providing core engineering and construction services, we endeavour to create practical solutions for our clients. AusGroup subsidiary AGC re-formed a joint venture with Meisei Co Ltd of Japan (AMJV), and was successful with its offer to INPEX for insulation and painting services on the Ichthys Project Onshore LNG Facilities. This work is being delivered for joint venture contractor JKC. In October 2014, AMJV won the entire insulation, painting and fireproofing scope for the project, the largest single lump sum contract award in AusGroup history. AMJV mobilised to site in March 2015 with work well underway and expected to be complete by the end of 2016.

While our core construction services are delivered through the Maintenance Services business, selective construction and retirement projects for key clients will become the focus of the business unit strategy. Skills are interchangeable between the two operational areas with combined key learnings facilitating continuous improvement across the Group.

JKC - INPEX - Ichthys Project Onshore LNG Facilities

Our business safety performance has contributed to the extension of a number of contracts, including our insulation services contract with CUEL in Thailand, with both projects achieving major injury free milestones. Over the past 12 months, our Perfect Day philosophy has been driven by engaged project leadership, proactive business management and the employment of a risk competent workforce, resulting in low lagging indicators and an outstanding safety performance for the business unit.

MAS

The MAS business operates autonomously in the provision of access services to both external and internal clients, in line with the Group's strategic focus on major contracts using a regional operating model.

Over the past 12 months, operations have been focused on LNG construction projects through the delivery of access services for clients across Australia and South East Asia. The business continued to perform strongly in a competitive market, with highlights including the commencement of work on the Ichthys Onshore Facilities Project in Darwin. The business also achieved a major extension of the contract for the Gorgon LNG project and a similar contract extension for the CUEL module fabrication in Thailand.

Our focus remains on delivering existing major projects while positioning for combined service opportunities with AGC in long term maintenance contracts in the Northern Territory, Western Australia, Queensland, Thailand, Malaysia and Indonesia.

In addition to providing core access services, we endeavour to create practical solutions for our clients. During the year, the Rope Access business was renewed and many opportunities were identified for expanding rope access services in line with AGC skillsets.

Rope access provides clients with a reduction in costs associated with traditional scaffold access for a variety of tasks. The skills required are interchangeable between the operational areas with combined key learning facilitating continuous improvement across the Group.

G1 furnace rebuild at the Orora Glass Packaging Facility in Gawler, South Australia

Our quality and safety standards continue to exceed expectations

MAS safety performance has contributed to the extension of a number of contracts, including our Chevron-operated Gorgon Project scaffolding contract.

Project Highlights

JKC – INPEX - Ichthys Project Onshore LNG Facilities

The award of the painting and insulation contract for client JKC for the Ichthys Project Onshore LNG Facilities was a significant achievement for the company this year. AMJV (AGC – Meisei Joint Venture) were able to offer significant savings by combining the separate insulation and painting scopes and offering to deliver these as one site-wide package under a single site management team. The AU$197 million contract is the largest ever signed by AusGroup subsidiary AGC at award and demonstrates the strength of the joint venture and project leadership teams.

The Group was also awarded a AU$174 million scaffolding contract, the largest ever signed by MAS at award. This demonstrates the strength assembled and retained in the MAS management team. This team is now increasing manning as the Darwin dry season enables greater construction productivity.

Ezion Offshore Logistics Hub (Tiwi) Pty Ltd – Port Melville Bulk Fuel Facility

The award and delivery of the Port Melville Bulk Fuel Facility was a major highlight for the business this year. AusGroup subsidiary AGC commenced the engineering, procurement, construction and commissioning of the 30 million litre storage capacity marine diesel supply depot and completed it within 12 months. During the execution of the project, we were able to demonstrate strong project management capability, tested by a remote, tropical and environmentally sensitive location and the demands of a fast-track EPC project delivery model.

The project also enabled the integration of engineering and marine service capabilities through Teras Australia's Top End Marine Supply Base. AGC managed the pipework fabrication, design, procurement, remote site establishment, system commissioning and handover duties. The combination of AusGroup's marine and ATSI services provides significant project and legacy benefits to facility owners and the local Tiwi community.

Maintenance Services

The Maintenance Services Group has contributed significantly to the overall performance of the business over the past 12 months, continuing to service long-term contracts with repeat clients.

We provide our clients with preventative and breakdown maintenance services as well as shutdown services and sustaining capital works. Long term relationships with Woodside, Alcoa of Australia and Chevron Australia have supported the evolution and refinement of our breadth of core capabilities as well as our processes and service delivery methods.

As we become more familiar with our clients and their production facilities, we are able to work closely with them throughout the planning and preparation phase, facilitating a smoother, faster and cheaper process during work execution. Over the past 12 months, we have been engaged by Woodside to prepare fit-for-purpose project work packs and manage procurement for these work scopes. Involvement in this aspect of the scope provides us with greater visibility of work programs and allows us to deliver improved solutions through greater efficiency, cost saving methods and implementation-led engineering.

Our quality and safety standards continue to exceed expectations and we were proud to achieve a 0% weld failure rate during major shutdowns this year. Our excellent

JKC - INPEX - Ichthys Project Onshore LNG Facilities

safety standards were recognised by our client OneSteel with the presentation of a safety award for the application of safe work methods and safe behaviours during complex, high risk activities at their Whyalla site.

During this financial year we have built a substantial and varied Maintenance Services leadership team with a diversified market background including commercial, project controls, technical services, business improvement, human resources and health, safety & environment.

Our leadership team ensures clients are provided with a single point of contact within AusGroup. This method has further strengthened relationships and allows project directors to create purpose-built teams according to different client needs.

Given the visibility into client operations and planning, we expect the Maintenance Services business to experience growth in terms of revenue, geographical spread, an expanded service offering and integration with existing clients, with over 25 shutdowns planned for the next year.

Project Highlights

Alcoa of Australia – Multi-Discipline Services (MDS) and Calciner Maintenance Services Contracts

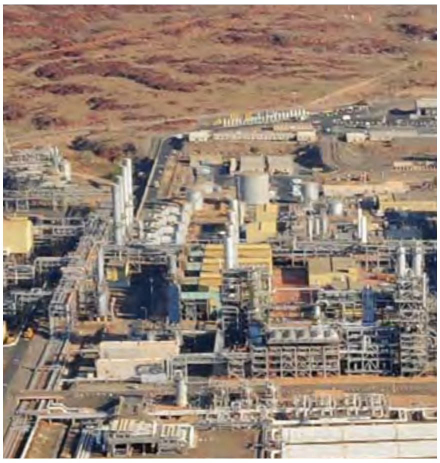
AusGroup has been delivering calciner maintenance services to Alcoa's WA operations for almost 20 years. We continue to provide multi-year calciner maintenance contracts to Alcoa in conjunction with a multidisciplinary services contract, providing mechanical electrical and scaffolding services. AusGroup primarily provides services to Alcoa's Wagerup operations with the capability to operate at all Alcoa facilities as required.

Chevron Australia – Master Contractor Services Contract

This year AGC completed an 18 month readiness process with Chevron Australia, culminating in the award of a five year maintenance contract. AGC will provide brownfield maintenance and support services to Chevron for the operational phase of its Western Australian assets. The scope of work encompasses maintenance and brownfield execution services.

Karratha Gas Plant, North West Shelf Project, Western Australia

Image courtesy of Woodside



In recent times we have seen considerable expansion in our precision machining capabilities.

Woodside Energy – Karratha Life Extension Program Multi-Discipline Services Contract

Executed under a contract with Woodside Energy, AGC is providing project engineering support, craft labour, tools and equipment to execute site installation works.

Our scope of work includes; mechanical, piping, sheet metal fabrication, insulation, painting, scaffolding, rigging, electrical, and subcontractor management.

AGC is responsible for delivering a number of concurrent projects within budget and to schedule while maintaining high quality and safety standards. We are encouraged to provide continuous improvement in delivery through innovation and a lean organisational structure.

Marine Services

AusGroup's service offering has continued to evolve with the acquisition of established marine services provider Ezion Offshore Logistics Hub and its subsidiaries including Teras Australia, Top End Marine Supply Base and Ezion Offshore Logistics Hub.

The Group now offers a full range of support services to the offshore oil and gas and military industries through the provision of marine services including door to door transport of high, wide and heavy cargoes to remote, undeveloped and environmentally sensitive locations.

With the integration of Marine Services, AusGroup is now able to offer clients a more comprehensive range of services and cost saving options through the provision of tailored integrated services solutions.

We are currently operating three landing craft engaged in the delivery of general freight to remote communities in Northern Australia. The vessels are manned under the first and only national top to bottom non-union enterprise agreement in Australia. The business also charters special purpose vessels to clients in Western Australia, Russia and Alaska.

During the past financial year, the Marine Services business has worked on some of the world's largest oil and gas projects. We are currently chartering five barges and one of the largest jack-up life boats in the world to oil and gas projects in Western Australia. We have also secured significant agreements in relation to fuel storage and distribution and entered into a two-year joint venture with two US companies for the provision of marine transport services for projects in Alaska and Sakhalin Island Russia.

With the commencement of some major projects in the next 12 months for major oil and gas clients, the Group will expect to see an increase in activity and will continue to bid on a number of significant projects both domestically and internationally. We expect that the presence of AusGroup's Marine Services business will continue to strengthen in the year ahead.

Project Highlights

Port Melville

The Marine Services Business has developed Port Melville, located 80 nautical miles north of Darwin. The Port is gazetted as an international port by the Commonwealth and is now operational. Port Melville is one of the only natural deep water private ports in Australia and is strategically located in close proximity to major shipping lanes connecting Australia and Asia as well as the offshore oil and gas fields in the Timor Sea.

Fabrication and Precision Machining

AusGroup's Fabrication and Manufacturing business operates through facilities in Western Australia and Singapore with a combined area of 70,000m². We offer turnkey solutions to the oil and gas sector through all phases of the asset lifecycle from exploration, construction, commissioning, and operations through to maintenance and repair and decommissioning.

Over the past 12 months, AusGroup has delivered complex structural fabrication work for clients across Australia, South East Asia and Europe. Through the strength of our leadership team and project management capabilities, we were able to exceed client expectations and maintain international safety and quality standards.

We have successfully completed work for two Chevron-operated projects with the fabrication and supply for Wheatstone's Allotment 2 and subsea pipe spools for Subsea 7 on the Gorgon project.

AusGroup has also provided engineering solutions to GE Oil and Gas, MHWirth, Aker Solutions, FMC Technologies, OneSubsea and Cameron. The work was performed under various contracts and included the manufacture of Xmas Trees and associated production equipment, the inspection, maintenance, repair and build of drill string risers, telescopic joints and subsea equipment.

In recent times we have seen considerable expansion in our precision machining capabilities. This has been coupled with a stabilisation of our annuity style revenue with key international Original Equipment Manufacturers (OEM). We are working toward a licensing arrangement with OEMs that will provide our clients with an overall solution that not only reduces interfaces, but optimises the overall lifecycle cost of their maintenance program. The continual expansion of our API accreditation is an integral part of this consolidation strategy moving forward.

With upgrades to the waterfront facility, AusGroup has been able to market and deliver on our inspection, maintenance and repair offerings. The ease of delivery and load-out, and advanced machining and fabrication techniques positions AusGroup as the leading regional provider of inspection, maintenance and repair solutions for items including drilling risers, accumulator units, downhole toolings and drill rigs.

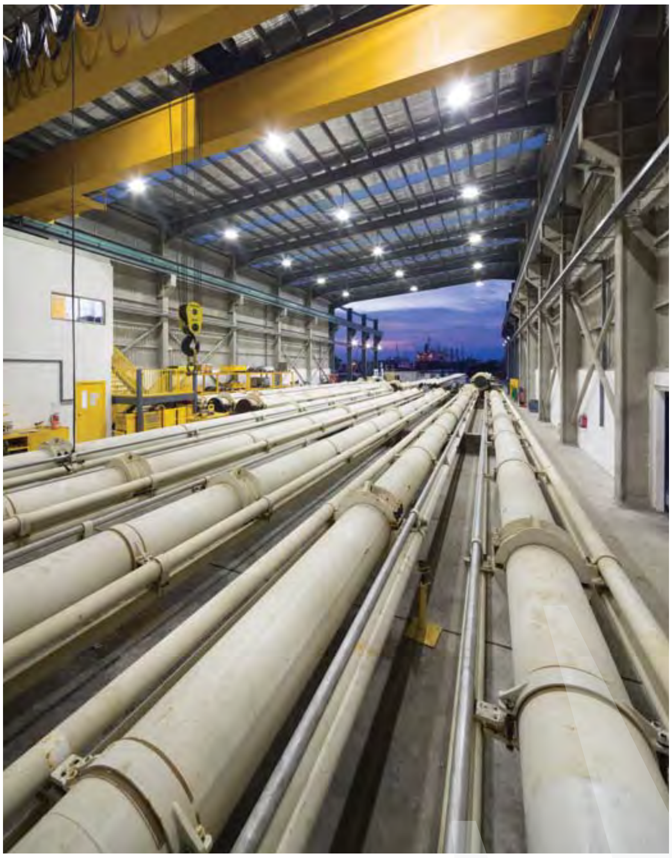
Understanding the current and predicted outlook is key to ensuring a stable performance in the short term. AusGroup is looking at diversifying into lateral industries and further supporting our corporate strategy to provide an in-house, integrated services solution.

Project Highlights

Chevron Australia Pty Ltd – Chevron-operated Wheatstone Project Pipelay Fabrication Allotment 2

AusGroup was awarded the supply and fabrication contract for offshore pipeline and subsea construction by Allseas as part of the Chevron-operated Wheatstone Project.

MHWirth contract for the dismantling, inspection, refurbishment, testing and reassembly of drilling riser joints at our Singapore facilities



AusGroup was commissioned for the supply and fabrication of the Allotment 2 Wheatstone Infield Subsea Pipeline End Terminations, In Line Tees, Pig Launchers / Receivers and Abandonment / Recovery Heads.

MHWirth - Global Services Agreement

Throughout 2014 and 2015, AusGroup continued to manufacture drilling riser tools for various drilling rigs for MHWirth.

The scope of work included; the supply of materials, fabrication, machining, assembly, testing, inspection, storage and delivery of items such as Riser Spiders, Termination Adaptors, Running Tools, Tensions Rings and Telescopic Joints. All work was executed at our fabrication facility in Singapore that is ideally situated for turnkey solutions to customers and immediate waterfront access.

Subsea 7 – Chevron-operated Gorgon Project Subsea Pipe Spools

AusGroup secured fabrication work with Subsea 7 in 2013 for the Chevron-operated Gorgon Project.

The contract involved the fabrication of 63 subsea pipe spools with all work performed at the Australian Marine Complex quay side facility in Henderson, south of Perth, Western Australia.

Financial Reports

Precision machining at our Singapore facilities

Corporate Governance

The Board of Directors ("**the Board**") is committed to ensure that the highest standards of corporate governance are practised throughout AusGroup Limited ("**the Company**") and its subsidiaries ("**the Group**") as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group. In view of this, the Board fully supports and seeks to comply with the Code of Corporate Governance ("**the Code**") issued by the Monetary Authority of Singapore in May 2012.

Set out below are the policies and practices adopted by the Group to comply with the principles and guidelines of the Code. The Board confirms that the Group has complied with the best practices of the Code throughout the financial year ended 30 June 2015, with the following exceptions:

- Barry Alfred Carson is the Remuneration and Human Capital Committee Chairman but is not an Independent Director.
- The independent Non-Executive Directors do not make up half of the Board.
- The Nominating Committee composition does not have a majority of Independent Directors.
- The Group will make changes to its Board composition to comply with the code fully in FY2016.

Board Matters

The Board's Conduct Of Affairs (Principle 1)

The principal functions of the Board are:

- Reviewing and approving corporate strategies, annual budgets and financial plans and monitoring the organisational performance towards them;
- Reviewing the adequacy and integrity of the Group's internal controls, risk management systems, and financial information reporting systems;
- Ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and internal code of conduct;
- Approving the nominations to the Board by the Nominating Committee, and endorsing the appointments of the management team and/or external and internal auditors;
- Reviewing and approving the remuneration packages for the Board and key management personnel;
- Ensuring accurate, adequate and timely reporting to, and communication with shareholders; and
- Assuming the responsibility for the satisfactory fulfilment of social responsibilities of the Group.

Matters which are specifically reserved for decision of the full Board include those involving corporate plans and budgets, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances, dividends, other returns to shareholders and interested person transactions. Specific Board approval is required for any investments or expenditures exceeding AU$5 million and any tenders or bids exceeding AU$100 million.

The Board has delegated specific responsibilities to four Committees (Audit, Nominating, Remuneration and Human Capital and Health, Safety and Sustainability), the details of which are set out below. These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

Board members are provided with regular updates on changes to relevant laws, regulations and accounting standards, particularly on new laws, regulations, from time to time in the discharge of their duties as Directors.

Management would conduct briefing and orientation programmes to each newly appointed Director to ensure that the Director is familiar with the Group's business, operations and processes, as well as his or her duties as a Director. The Company will also provide a formal letter to each Director upon appointment setting out the Director's duties and obligations. Two new Directors recently joined the Board.

The Board meets at least four times a year, with additional meetings convened as necessary. The Articles of Association allow a Board meeting to be conducted by way of a video conference, telephone conference or other methods of simultaneous communications by electronic or telegraphic means.

The Board's Conduct Of Affairs (Principle 1) (continued)

The Board also schedules a separate annual strategy and budget meeting to discuss strategic issues. The matrix on the position, the frequency of meetings and the attendance of Directors at these meetings is enclosed as Appendix 1 on Page 46.

Board Composition And Guidance (Principle 2)

Currently, the Board comprises nine members, five of whom are Non-Executive Directors. All Non-Executive Directors, except for Barry Alfred Carson, are independent. Together, the Directors contribute wide ranging business, industry knowledge and financial experiences relevant to the direction of the Group. Key information regarding the Directors, including directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments is presented in the "Board of Directors" section in pages 14 to 16 of this Annual Report.

Due to the current composition of Independent and Non-Executive Directors on the Board, no individual or group is able to dominate the Board's decision-making process. There is also balance in the Board because of the presence of Independent Non-Executive Directors of the calibre necessary to carry sufficient weight in Board decisions. The Board also has a Lead Independent Director, Chew Heng Ching. Although all the Directors have an equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take account of the long-term interests not only of the shareholders, but also of employees, customers, suppliers, and the many stakeholders of the Group.

Chairman And Managing Director (Principle 3)

Stuart Maxwell Kenny is the Chairman of the Board and Gerard Patrick Hutchinson is the Managing Director ("**MD**") and Chief Executive Officer ("**CEO**") - Engineering Services. The two roles are separate whereby the Chairman is responsible for providing guidance on the corporate direction of the Group and leadership to the Board, and the MD is responsible for the strategic directions, and operational decisions of the Group. The Chairman and the MD are not related to each other.

The Chairman ensures that Board meetings are held as and when necessary. He also prepares the Board meeting agenda in consultation with the MD. The Chairman ensures that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Company.

Under the Company's Articles of Association, any Director may summon a meeting of the Directors.

Nominating Committee (Principle 4)

The Nominating Committee comprises the following Directors:

- Chew Heng Ching (Chairman)
- Barry Alfred Carson
- Eng Chiaw Koon

The Nominating Committee had five meetings during the financial year. The matrix on the position, the frequency of meetings and the attendance of Directors at these meetings is enclosed as Appendix 1 on Page 46. The Chairman is also a lead Independent Non-Executive Director.

The principal functions of the Nominating Committee are:

- Setting a process to identify and nominate to the Board, candidates for all directorships to be filled by shareholders or the Board; candidates for all executive management positions; and Directors to fill the seats on Board Committees;
- Overseeing the management development and succession planning of the Group, including appointing, training and mentoring key management personnel;
- Determining the objective criteria on evaluating the performance of the Board, its Board Committees and Directors;
- Assessing the effectiveness of the Board as a whole and the contribution by each Director to the Board; and
- Determining annually whether or not a Director is independent.

Nominating Committee (Principle 4) (continued)

Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

New Directors are appointed by the Board, upon their nomination from the Nominating Committee. In accordance with the Company's Articles of Association, these new Directors who are appointed by the Board are subject to election by shareholders at the Annual General Meeting ("**AGM**") at the first opportunity after their appointment. The Articles also provide that at least one-third of the remaining Directors be subject to re-election by rotation at each AGM.

In the search, nomination and selection process for new Directors, the Nominating Committee identifies the key attributes that an incoming Director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the Nominating Committee utilises on the resources of Directors' personal contacts and recommendations of potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed to assist in the search process. Interviews are set up with potential candidates for assessment by the Nominating Committee, before a decision is reached. The Nominating Committee also oversees the re-appointment of Directors as and when their tenure of appointment is due. In assessing the Directors for re-appointment, the Nominating Committee evaluates several criteria including qualifications, contributions and independence of the Directors.

Key information on the Board members, including each Director's academic and professional qualification, is presented in this Annual Report under the heading "Board of Directors".

The details of the Board, including the year of first appointment and re-election are as follows:

Director	Date of first appointment	Date of last re-election	Due for re-election at the coming AGM	Seeking re-election
Stuart Maxwell Kenny	13 Dec 04	21 Oct 14	-	-
Gerard Patrick Hutchinson	14 Nov 14	-	√	√
Captain Larry Glenn Johnson	20 May 14	21 Oct 14	-	-
Eng Chiaw Koon	10 Jul 14	21 Oct 14	-	-
Barry Alfred Carson*	13 Dec 04	17 Oct 13	√	-
Damien Marian O'Reilly**	02 Jun 11	17 Oct 13	√	-
Ooi Chee Kar	17 Jan 14	21 Oct 14	√	√
Wu Yu Liang	20 May 14	21 Oct 14	-	-
Chew Heng Ching	14 Nov 14	-	√	√

* Barry Alfred Carson is not seeking re-appointment at the forthcoming AGM.

** Damien Marian O'Reilly is not seeking re-election at the forthcoming AGM.

Save as disclosed in this annual report, the Directors due for re-election at the coming AGM have no relationship (including immediate family relationship) with the other Directors, the Company or its 10% shareholders.

Assessing Board Performance (Principle 5)

On an annual basis, the Chairman of the Board and the Nominating Committee, will assess each Director's contribution to the Board. The assessment parameters include attendance record at meetings of the Board and Committees, intensity of participation at meetings, quality of intervention and special contributions.

The Nominating Committee also assesses the effectiveness of the Board as a whole (taking into consideration the Board's discharge of its principal responsibilities, earnings of the Group, return on equity and the share price performance of the Company) and the Committees of the Board on an annual basis. The Nominating Committee considers the required mix of skills and experience of the members, including core competencies which the Non-Executive Directors should bring to the Board, during this assessment.

Assessing Board Performance (Principle 5) (continued)

The Nominating Committee is satisfied that sufficient time and attention is being devoted by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple Board representations. The Nominating Committee has adopted an internal guideline that no Director should be on the boards of more than five other publicly listed companies. However deviation from this guidelines is allowed on a case by case basis.

Directors' training

As an integral element of the process of appointing new Directors, the Nominating Committee ensures that there is an orientation and education programme for the new Board members to ensure incoming Directors are familiar with the Company's business and governance practices. They also have unrestricted access to professionals for consultations as and when necessary at the expense of the Group.

Board Access To Information (Principle 6)

All Directors review a Board report prior to the Board meeting. This is issued in sufficient time prior to the meeting to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

The Board also approved a procedure for Directors, whether as a full Board or in their individual capacity, to take independent advice, where necessary, in the furtherance of their duties and at the Group's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary attends meetings of the Board, and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also attends meetings of the Audit, Nominating, Remuneration and Human Capital and Health, Safety and Sustainability Committees. The appointment and removal of the Company Secretary is a matter for the Board's consideration as a whole.

Remuneration Matters

The Company adopted the objective as recommended by the Code to determine the remuneration for Directors so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience, level of responsibilities undertaken by the Non-Executive Directors and the compensation levels in Australia.

Procedures For Developing Remuneration Policies (Principle 7)

The Code endorses, as good practice, a formal framework for fixing the remuneration packages of Executive Directors and key management personnel, with the Remuneration and Human Capital Committee making recommendations to the Board.

The Remuneration and Human Capital Committee comprises the following Directors:

- Barry Alfred Carson (Chairman)
- Wu Yu Liang
- Damien Marian O'Reilly

Barry Alfred Carson is appointed Chairman of the Remuneration and Human Capital Committee to utilise his knowledge of the Australian labour market and compensation practices as a major portion of the Group's operations is in Australia.

The principal responsibilities of the Remuneration and Human Capital Committee are:

- Recommending a framework of executive remuneration for the Board and key management personnel, including share option and share schemes;
- Determining specific remuneration packages for each Executive Director and key management personnel; and
- Administering any performance bonus scheme, the share option and share schemes for the employees and Directors of the Group.

Corporate Governance (continued)

Procedures For Developing Remuneration Policies (Principle 7) (continued)

The Committee had four meetings during the financial year to perform the above responsibilities, as well as to monitor the remuneration practices in the Group. The matrix on the position, the frequency of meetings and the attendance of Directors at these meetings is enclosed as Appendix 1 on Page 46. All members of the Committee except for Barry Alfred Carson are Independent Non-Executive Directors.

Remuneration Of Executive Directors And Key Management Personnel (Principle 8)

The level and mix of remuneration for Directors and key management personnel are set out below. The Company takes into account its long term interests and risk policies and has structured remuneration packages on measured performance taking into account financial and non-financial factors.

Disclosure On Remuneration (Principle 9)

The Remuneration and Human Capital Committee recommends to the Board the framework of executive remuneration and the remuneration package for each Executive Director and key management personnel. Although the recommendations are made in consultation with the Chairman of the Board, the remuneration packages are ultimately approved by the entire Board.

Remuneration policy and principles

The Company's Executive Directors and key management personnel remuneration framework aims to ensure competitive, yet realistic, and appropriate rewards for the results delivered. These rewards relate to the market in which the Group operates and are designed to attract, motivate and retain employees of a high calibre.

In the April 2015 to June 2015 period, the Remuneration and Human Capital Committee reviewed the existing structured remuneration framework to ensure that the remuneration was still market competitive and complemented the Company's reward strategy. The Remuneration and Human Capital Committee seeks to ensure the alignment of remuneration and reward plans with the shareholders' interests.

Remuneration structure

The remuneration and reward framework for executives consists of a competitive fixed remuneration comprising a base salary, superannuation and other benefits, short-term incentive plan along with shares and options provided by the Company.

Fixed remuneration

The Company aims to set fixed annual remuneration at market levels suitable to the position and are competitive when reviewed versus similar positions in companies of comparable size in turnover, staffing levels, responsibility, etc. This is reviewed annually and is completed by the end of the financial year. There is no guaranteed increase to the fixed annual remuneration of any executive's contract.

Short-term incentives

Short-term incentives are used to differentiate rewards based on performance on a year-by-year basis.

With good company financial performance, a very good executive performer would normally achieve a high short-term incentive, which, when added to the fixed remuneration would bring the combination of the two components into the upper quartile of the market rates.

For the financial year ended 30 June 2015, short-term incentive bonuses have been provided for based on the Board agreed annual targets.

Service contracts

The Group may terminate the service contracts of any of the executives, if among other things, the executives commit any serious and persistent breach of the provision of the service contracts, become of unsound mind, become bankrupt or found guilty of conduct with the effect of bringing themselves or the Group into disrepute. The service contracts cover the terms of employment, specifically salaries and bonuses. Executives are also entitled to participate in any short-term incentive scheme program established by the Group during their term of service.

Corporate Governance (continued)

Disclosure On Remuneration (Principle 9) (continued)

All travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by each executive in the process of discharging his or her duties on behalf of the Group will be borne by the Group.

Taking note of the competitive pressures in the industry and the talent market, the Board has on review decided to disclose the remuneration of the Directors, in bands with a breakdown of the components in percentage. The remuneration of the Directors for the financial year ended 30 June 2015 is as follows (based on an average exchange rate of S$1.0948 : AU$1.00):

Remuneration band and Name of Directors	Fee	Fixed salary	Variable salary & bonus	Value of share options and share rights granted	Termination benefits	Total
Below S$250,000						
Dr Chew Kia Ngee (1)	100%	0%	0%	0%	0%	100%
Barry Alfred Carson	100%	0%	0%	0%	0%	100%
Damien Marian O'Reilly	100%	0%	0%	0%	0%	100%
Grant Anthony Pestell (2)	100%	0%	0%	0%	0%	100%
Ooi Chee Kar	100%	0%	0%	0%	0%	100%
Wu Yu Liang	100%	0%	0%	0%	0%	100%
Chew Heng Ching (3)	100%	0%	0%	0%	0%	100%
S$500,000 to below S$750,000						
Stuart Maxwell Kenny	0%	100%	0%	0%	0%	100%
Gerard Patrick Hutchinson (4)	0%	90%	10%	0%	0%	100%
S$1,000,000 to below S$1,250,000						
Captain Larry Glenn Johnson	2%	30%	0%	68%	0%	100%
Eng Chiaw Koon	2%	17%	0%	81%	0%	100%

(1) Resigned on 14 November 2014

(2) Ceased on 21 October 2014

(3) Appointed on 14 November 2014

(4) Appointed on 14 November 2014

The Board is aware of the recommendation in the Code and the requirement under Listing Rule 1207(12) to disclose in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the MD). The Board, after weighing the advantages and disadvantages of such disclosure, is of the view that full disclosure of the total remuneration paid would not be in the interests of the Group as such information is confidential and sensitive in nature and could be exploited by competitors. The Board believes that disclosure of remuneration of the top key management personnel in remuneration bands and percentage terms would be sufficient. The remuneration of the top five key management personnel of the Group for the financial year ended 30 June 2015 is as follows (based on an average exchange rate of S$1.0948 : AU$1.00):

Corporate Governance (continued)

Disclosure On Remuneration (Principle 9) (continued)

Remuneration band and name of key management personnel	Fixed salary	Variable salary & bonus	Value of share options and share rights granted	Termination benefits	Total
S$250,000 to below S$500,000					
Brian Mark Johns	95%	5%	0%	0%	100%
Michael Hamilton Nesbitt	100%	0%	0%	0%	100%
Anthony John Tomic	100%	0%	0%	0%	100%
Paul Robert Birighitti	100%	0%	0%	0%	100%
S$500,000 to below S$750,000					
Michael James Bourke (1)	88%	0%	0%	12%	100%

(1) Resigned on 19 February 2015 and a termination payment was paid

The details of the remuneration of an employee who is an immediate family member of a Director and whose remuneration exceeded S$50,000 for the financial year ended 30 June 2015 are as follows (based on an average exchange rate of S$1.0948 : AU$1.00) :

Employee	Family relationship	Fixed salary	Variable salary & bonus	Total
S$350,000 to below S$400,000				
Matthew Kenny	Son of Stuart Maxwell Kenny (Chairman)	100%	0%	100%

Share option and share right schemes

The Group currently has three schemes in operation (collectively referred to as "the Schemes") and options issued to Ezion Holdings Limited ("Ezion"), Captain Larry Glenn Johnson and Eng Chiaw Koon. Details of the Schemes and the options issued are disclosed in the Directors' Report set out in pages 47 to 49 of this Annual Report.

Future direction

The Group will continue to review existing policies and develop new initiatives which will position the Group to attract and retain the required personnel in order to meet its strategic goals.

Accountability And Audit

Accountability (Principle 10)

In presenting the quarterly and annual financial statements to shareholders, the Directors aim to present a balanced and fair assessment of the Group's position and prospects.

In preparing the financial statements, the Directors ensure that management have:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been followed; and
- Prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made due enquiries that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Corporate Governance (continued)

Accountability (Principle 10) (continued)

The management currently provides the Board with management accounts of the Group's position, performance and prospects on a monthly basis and as and when deemed necessary.

Risk Management And Internal Controls (Principle 11)

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, and not absolute, assurance against material misstatement or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

The internal auditors, Deloitte Touche Tohmatsu, have performed audit procedures to assist the Audit Committee and the Board in the evaluation of the internal controls, financial and accounting matters, compliance and information technology controls, business and financial risk management.

Based on the work of the external and internal auditors, and the management systems in place, nothing material has come to the attention of the Board to suggest that the internal controls of the Group were not adequate. Where significant weaknesses have been identified, the Board, upon the recommendation of the Audit Committee, has taken steps to ensure that executive management adopts appropriate actions to address and rectify these weaknesses. The Board, together with executive management, then subsequently reviews the outcomes of such actions.

The Board has received assurance from the MD and the Acting Chief Financial Officer ("**CFO**") that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and the effectiveness of the Group's risk management and internal control systems.

Risk management approach

Having identified the risks, each business area is required to document the mitigating actions to manage each significant risk. New areas are introduced for assessment as the business risk profile changes. Information such as risks, the controls and processes for managing risks is subsequently summarised in a risk map, which is reviewed periodically by executive management, the Audit Committee and the Board.

Internal control opinion

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the internal controls of the Group addressing financial, operational, compliance and information technology controls were adequate and effective as at 30 June 2015.

The Board notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Health, Safety and Sustainability Committee

The Health, Safety and Sustainability ("**HSS**") Committee comprises the following Directors:

- Damien Marian O'Reilly (Chairman)
- Captain Larry Glenn Johnson

The Committee had three meetings during the financial year to ensure systems, procedures and the right culture are in place in respect of HSS. The matrix on the position, the frequency of meetings and the attendance of Directors at these meetings is enclosed as Appendix 1 on Page 46.

Corporate Governance (continued)

Audit Committee (Principle 12)

The Audit Committee comprises the following Directors:

- Ooi Chee Kar (Chairman)
- Wu Yu Liang
- Chew Heng Ching

The Board is of the view that the members of the Audit Committee are appropriately qualified, having accounting or related financial management expertise or experience as the Board interprets such qualification, to discharge their responsibilities.

The Committee had four meetings during the financial year. The meetings have been attended by the MD and CFO. The external and internal auditors have also participated in these meetings. The Committee has also met privately with the external auditors and internal auditors once during this financial year without the presence of management.

All members of the Committee are Independent Non-Executive Directors.

The Committee is authorised by the Board to investigate any activity within its terms of reference. It has unrestricted access to any information pertaining to the Group, to both the internal and external auditors, and to all employees of the Group. It is also authorised by the Board to obtain external legal or other independent professional advice as necessary and at the expense of the Group.

During the financial year, the Audit Committee performed its functions and responsibilities as set out in its terms of reference, which include the following:

- Reviewing with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and all matters which the external auditors wish to discuss (in the absence of management, where necessary);
- Reviewing with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;
- Reviewing any significant findings of internal investigations and management's response;
- Making recommendations to the Board on the appointment of external auditors, the audit fee and reporting any issues concerning the resignation of external auditors or their proposed dismissal;
- Reviewing and approving the appointment, replacement, reassignment or the dismissal of the internal auditors;
- Monitoring interested person transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity;
- Reviewing incidents of whistle-blowing;
- Reviewing risk management policies and procedures;
- Reviewing quarterly reporting to Singapore Exchange Securities Trading Limited ("**SGX-ST**") and year end annual financial statements of the Group before submission to the Board; and
- Any other functions which may be agreed by the Audit Committee and the Board.

The Audit Committee has conducted an annual review of non-audit services provided by the independent auditor ("**PricewaterhouseCoopers LLP Singapore**") to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity provided by the independent auditor before confirming their re-nomination.

The total fees paid to the external auditors of the Group for the financial year ended 30 June 2015, are as disclosed in note 24 in the financial statements.

The aggregate amount of fees paid/payable to the external auditors of the Group and their fellow member firms of the PwC network for audit services for the financial year ended 30 June 2015 were AU$0.5 million. The fees for non-audit services provided by them for the financial year ended 30 June 2015 were AU$0.9 million.

Audit Committee (Principle 12) (continued)

PricewaterhouseCoopers Australia assisted the Group (through one of its Australian subsidiaries "AGC Australia Pty Ltd") with its FY2013 claim for income tax rebates under the research and development scheme in Australia, the Group has incurred a total of AU$0.6 million (included in non-audit fees) for this service.

The total audit and non-audit fees paid/payable by the Group to PricewaterhouseCoopers Australia are insignificant to PricewaterhouseCoopers Australia, and the share of PricewaterhouseCoopers LLP Singapore's fee paid/payable by the Group is insignificant to the audit engagement partner's portfolio and PricewaterhouseCoopers LLP Singapore. The non-audit services fees related to services led and rendered by partners and team members who are not involved in the audit of the Group. There is no non-audit service fee relating to work performed by the audit engagement team. The Audit Committee has reviewed the nature of all non-audit services provided by the external auditors to the Company and the Group during the year and is of the view that the provision of these services would not affect the independence of the external auditors.

The Audit Committee has nominated PricewaterhouseCoopers LLP Singapore for re-appointment as independent auditor of the Company at the forthcoming AGM.

The Company confirms that it has complied with Rules 712 and 715 or 716 of the SGX-ST Listing Manual in relation to auditing firms.

Whistle blowing policy

The Group has adopted a whistle blowing policy which provides a channel for employees and others to bring to the attention of the Audit Committee any improprieties committed by the management or staff of the Group.

A whistle blowing policy unit has been set up to review all matters reported to the Group Manager People Capital. The Audit Committee reviews quarterly all cases reported and investigated.

Details of the whistle blowing policy are posted on the Group's intranet for staff access. New staff members are briefed during their induction.

Internal Audit (Principle 13)

Currently, Deloitte Touche Tohmatsu performs the internal audit function and reports directly to the Audit Committee which assists the Board in monitoring and managing risks and ensuring the integrity of internal controls of the Group. The Audit Committee approves the strategic internal audit plan, which is reviewed by the Audit Committee annually in light of the changing risk profile of the Group, and ensures the adequacy of internal audit resources to perform its tasks. A private conversation is held between the Audit Committee and internal auditors without management being present at least once a year.

Shareholder Rights And Responsibilities

Shareholder Rights (Principle 14)

All shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of developments in the Group in accordance with the SGX-ST Listing Rules.

Shareholders are also given the opportunity to participate effectively in and vote at general meetings of the Company, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated.

Communication With Shareholders (Principle 15)

The Group does not practise selective disclosure. In line with continuous disclosure obligations of the Group pursuant to the SGX-ST Listing Rules, the Board's policy is that all shareholders should be provided identical and timely information of all major developments that impact the Group. Information will first be disseminated through SGXNET and where relevant, followed by a news release which is also distributed within the Company electronically. The Group will also make announcements from time to time to update investors and shareholders on corporate developments that are relevant.

Corporate Governance (continued)

Communication With Shareholders (Principle 15) (continued)

The Group maintains open communications with investors and shareholders and will strive to attend to their queries directly, whether verbal or written.

The Company did not propose any dividend for the financial year.

Conduct Of Shareholder Meetings (Principle 16)

At each AGM, the Board presents the financial performance of the Group and encourages shareholders to participate in the question and answer session. The MD, CFO and the respective Chairman of the Audit, Nominating, Remuneration and Human Capital and Health, Safety and Sustainability Committees, and external auditors are available to respond to shareholders' questions during the meeting.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management, and such minutes are available to shareholders upon their request. Results of the general meeting are also released as an announcement via SGXNET.

Dealings in securities

The Group has adopted an internal code of best practices on securities transactions applicable to its officers in relation to dealings in the Company's securities. Its officers are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Group's full year results and ending on the date of the announcement of the results. For quarterly results, officers are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the quarterly results and ending on the date of the announcement of the quarterly results. Officers are also not allowed to deal in the Company's securities on short-term considerations. The Group has complied with the best practices set out in the SGX-ST Listing Manual.

Interested person transactions

The Group has implemented procedures governing all interested person transactions. In particular, the Audit Committee reviews all interested person transactions to ensure that these are carried out on an arm's length basis, in conformity with normal commercial terms and are not prejudicial to the interests of the Company and its shareholders. Management provides periodic reports to the Audit Committee detailing all interested person transactions. A register is maintained of all interested person transactions.

Particulars of interested person transactions of the Group during the financial year ended 30 June 2015 required to be disclosed under Rule 907 of the SGX-ST Listing Manual are as follows:

Name of interested person	Aggregate value of all interested person transactions (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920
Australasian Insulation Supplies Pty Ltd	AU$167,846 (1)*	Not applicable
Ezion Holding Limited	Not applicable	AUD$1,261,073 (2)** USD$8,689 (2)** USD$8,527,872 (3)** AUD$116,876 (3)** USD$2,504,531 (4)** AUD$1,059,695 (4)** AUS$41,139,652 (5)**

Corporate Governance (continued)

Interested person transactions (continued)

(1) Purchase of specialised insulation materials.

(2) Charter of vessel, management fee and reimbursement of expenses paid on behalf by Ezion Holdings Limited.

(3) Charter of barges from Teras Offshore Pte Ltd (subsidiary of Ezion Holdings Limited).

(4) Receipt of Teras Australia Pty Ltd's trade debtor by Ezion Holdings Limited for assignment of income arrangement.

(5) Acquisition of 100% of the issued and paid up share capital of Ezion Offshore Logistics Hub Pte Ltd and 90% of the issued and paid up share capital of Teras Australia Pty Ltd.

* The transaction is done under commercial terms that reflect transactions done at arm's length.

** The transaction is done in line with the IPT mandate as approved by shareholders.

Material Contracts

Except as disclosed in the financial statements, there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the MD, Directors or controlling shareholders which subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

Use of Placement Proceeds

The net proceeds received by the Company of approximately S$25.2 million from the issuance of 70,000,000 shares pursuant to a placement exercise made on 27 June 2014 have been fully utilised. The following is a summary of the use of proceeds:

	70 million Placement Shares S$'000
Net proceeds from placement	25,244
Less:	
General working capital of the Group	6,900
Proposed expansion	18,344
Balance proceeds	-

Corporate Governance (continued)

Appendix 1

Summary of Board and Committee meetings held during the financial year from 1 July 2014 to 30 June 2015:

	Board of Directors			Audit Committee ("AC")			Nominating Committee ("NC")			Remuneration And Human Capital Committee ("R&HCC")			Health, Safety and Sustainability Committee		
		No. of Meetings(1)			No. of Meetings(1)			No. of Meetings(1)			No. of Meetings(1)			No. of Meetings(1)	
	P	H	A	P	H	A	P	H	A	P	H	A	P	H	A
Executive Director															
Stuart Maxwell Kenny (2)	C	5	5	-	-	-	-	-	-	-	-	-	-	-	-
Captain Larry Glenn Johnson (3)	M	5	4	-	-	-	-	-	-	-	-	-	M	1	1
Gerard Patrick Hutchinson (4)	M	3	3	-	-	-	-	-	-	-	-	-	-	-	-
Eng Chiaw Koon (5)	M	5	5	-	-	-	M	2	2	-	-	-	-	-	-
Non-executive Director															
Dr Chew Kia Ngee (6)	-	2	2	-	2	2	-	3	3	-	-	-	-	-	-
Barry Alfred Carson (7)	M	5	5	-	-	-	M	5	5	C	4	4	-	2	2
Damien Marian O'Reilly	M	5	5	-	-	-	-	-	-	M	4	4	C	3	3
Grant Anthony Pestell (8)	-	1	1	-	1	1	-	1	1	-	-	-	-	1	1
Ooi Chee Kar (9)	M	5	5	C	4	4	-	-	-	-	2	2	-	-	-
Wu Yu Liang (10)	M	5	5	M	2	2	-	-	-	M	2	2	-	-	-
Chew Heng Ching (11)	M	3	3	M	2	2	C	2	2	-	-	-	-	-	-

Notes:

P - Position held as at 30 June 2015

H - Number of meetings held while a member

A - Number of meetings attended

C - Chairman

M - Member

(1) Number of meetings held/attended during the financial year from 1 July 2014 (or date of appointment, where applicable) to 30 June 2015 (or date of resignation, where applicable).

(2) Appointed as Executive Chairman on 14 November 2014 and resigned as CEO and MD on 30 April 2015.

(3) Became Executive Director on 7 November 2014 and appointed as HSSC member on 14 November 2014.

(4) Appointed as Executive Director on 14 November 2014 and CEO and MD on 30 April 2015.

(5) Appointed as Non-Executive Director on 10 July 2014, became Executive Director on 7 November 2014 and appointed as NC member on 14 November 2014.

(6) Resigned as Chairman and Director and ceased as AC member and NC chairman on 14 November 2014.

(7) Ceased as HSSC member on 14 November 2014.

(8) Ceased as Director, AC member, NC member and HSSC member on 21 October 2014.

(9) Ceased as R&HCC member on 14 November 2014.

(10) Appointed as AC member and R&HCC member on 14 November 2014.

(11) Appointed as Lead Independent Director, AC member and NC Chairman on 14 November 2014.

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of AusGroup Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015.

1 Directors

The directors of the Company in office at the date of this report are as follows:

- Stuart Maxwell Kenny
- Gerard Patrick Hutchinson (appointed 14 November 2014)
- Captain Larry Glenn Johnson
- Eng Chiaw Koon (appointed 10 July 2014)
- Barry Alfred Carson
- Damien Marian O'Reilly
- Ooi Chee Kar
- Wu Yu Liang
- Chew Heng Ching (appointed 14 November 2014)

2 Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under Note 3 and Note 4 below.

3 Directors' interests in shares or debentures

Section 201(6A) of the Companies Act

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 01.07.2014 or date of appointment, if later	At 30.06.2015	At 01.07.2014 or date of appointment, if later	At 30.06.2015
The Company				
No. of ordinary shares				
Stuart Maxwell Kenny	-	-	12,908,896	12,908,896
Barry Alfred Carson	20,651,518	20,651,518	-	-

There was no change in the directors' interests in the ordinary shares of the Company between 30 June 2015 and 21 July 2015.

4 Share option and share right schemes

The Group currently has three schemes in operation (collectively referred to as "the schemes"):

(a) AusGroup Employee Share Option Scheme 2007 ("ESOS")

- There were no ordinary shares issued during the financial year by virtue of the exercise of options to take up unissued ordinary shares of the Company. Except as disclosed in Note 21 to the financial statements, there were no unissued ordinary shares of the Company or any subsidiary under option at the end of the financial year. No options were granted to any parties during the financial year.
- A further 694,000 options remain exercisable at the balance sheet date.
- Since February 2009 no options have been granted under the ESOS which was terminated by the shareholders and replaced by the ASOS and ASS on the 15 October 2010 from which all share based employment compensation has been / will be issued under the AusGroup Share Option Scheme 2010 or the AusGroup Share Scheme 2010.

4 Share option and share right schemes (continued)

(b) AusGroup Share Option Scheme 2010 ("ASOS"), which superseded the ESOS in October 2010

- There were no ordinary shares issued during the financial year by virtue of the exercise of options to take up unissued ordinary shares of the Company. Except as disclosed in Note 21 to the financial statements, there were no unissued ordinary shares of the Company or any subsidiary under option at the end of the financial year.
- A further 875,000 options remain exercisable at the balance sheet date.

(c) AusGroup Share Scheme 2010 ("ASS")

- There were no ordinary shares issued during the financial year by virtue of the rights qualifying to take up unissued ordinary shares of the Company. Except as disclosed in Note 21 to the financial statements, there were no unissued ordinary shares of the Company or any subsidiary under rights at the end of the financial year.
- No share rights were granted during the financial year.
- All of the outstanding 2,258,158 shares rights were unvested at the balance sheet date. The conditions pursuant to the ASS were not met as of 30 June 2015 and as such no ordinary shares are expected to be issued under ASS.

In addition to the three schemes above, the Group has issued options to Ezion Holdings Limited ("Ezion"), Captain Larry Glenn Johnson and Eng Chiaw Koon. The details of the respective grants are:

- As at 30 June 2014 Captain Larry Glenn Johnson was a director of the Company, and on 10 July 2014 Eng Chiaw Koon was appointed a director of the Company. On 27 June 2014 in accordance with a resolution of shareholders passed on 19 June 2014, 35,000,000 options to acquire ordinary shares in the Company were issued. Captain Larry Glenn Johnson was issued 15,000,000 options, while Eng Chiaw Koon was issued 20,000,000 options (7,500,000 of which relate to Eng Chiaw Koon, the remaining 12,500,000 were held in trust for future award to employees of the Group). As at 30 June 2014 none of the options were exercisable as the vesting conditions had not been met. These options will vest over 4 years, 25% will vest at each anniversary date.

  Due to the delay in commercialising the new business expanding activities, the 12,500,000 options have not been formally allocated to individuals and have been abandoned.
- As approved by Shareholders at the EGM held on 19 June 2014, the 110,000,000 options issued to Ezion is part of an effort to raise funds for the Group's expansions via the strategic investment by Ezion as a substantial shareholder. Following the issue and allotment of these options on 27 June 2014, the options to Ezion are exercisable from that date. Assuming all of Ezion's options are exercised, the Company will receive additional net cash proceeds of S$40,425,000 that will be used to fund proposed expansion (70-80%) and general working capital (20-30%). The value associated with these options granted to Ezion has not been recognised in these financial statements as the Company has treated the transaction as a capital raising exercise with a shareholder of the Company.

Additional information on these schemes and options are provided in Note 21 to the financial statements.

Rule 852 of the Listing Manual

(i) The names of the members of the committee administering the schemes:

All three schemes are administered by the Remuneration and Human Capital Committee of which the members at the end of the financial year were as follows:

- Barry Alfred Carson (Chairman)
- Wu Yu Liang
- Damien Marian O'Reilly

4 Share option and share right schemes (continued)

(ii) Participant information at the end of the financial year

Name of participant	Scheme	Options / share rights granted during the financial year	Aggregate options / share rights granted since commencement of the schemes to end of financial year	Aggregate options / share rights exercised / forfeited since commencement of the schemes to end of financial year	Aggregate options / share rights outstanding as at end of financial year
Directors					
Dr Chew Kia Ngee (1)	ASOS	-	200,000	-	-
Barry Alfred Carson	ASOS	-	200,000	-	200,000
Stuart Maxwell Kenny	ASOS	-	100,000	-	100,000
Damien Marian O'Reilly	ASOS	-	100,000	-	100,000
Grant Anthony Pestell (2)	ASOS	-	100,000	-	-
Larry Glenn Johnson	NA	-	15,000,000	-	15,000,000
Eng Chiaw Koon	NA	-	7,500,000	-	7,500,000
Participants who are controlling shareholders of the issuer and their associates					
N/A					
Participants, other than those above, who receive 5% or more of the total number of options / share rights available under the schemes					
Anthony John Tomich	ESOS,ASOS & ASS	-	1,495,000	(1,059,000)	436,000
Mark Johns	ASOS & ASS	-	466,000	(300,000)	166,000

(1) Resigned on 14 November 2014

(2) Ceased on 21 October 2014

The aggregate number of options granted to the directors and employees of the Company and its subsidiaries for the financial year under review, and since the commencement of the scheme to the end of the financial year under review:

Name of Scheme	Options/share rights granted during the financial year	Aggregate options / share rights granted since commencement of the schemes to end of financial year	Aggregate options / share rights exercised / forfeited since commencement of the schemes to end of financial year	Aggregate options / share rights outstanding as at end of financial year
ESOS	-	9,966,000	(9,272,000)	694,000
ASOS	-	3,575,000	(2,700,000)	875,000
ASS	-	21,554,000	(19,295,842)	2,258,158
Total	**-**	**35,095,000**	**(31,267,842)**	**3,827,158**

(iii) The requirements of Rule 852 (C) (i) in the Listing Manual are not applicable to the Company.

(iv) The number and proportion of options granted at a discount during the financial year under review in respect of every 10 percent discount range, up to the maximum quantum of discount granted:

- Since the commencement of the schemes till the end of the financial year, no options / share rights have been granted at a discount.
- The exercise price of the options / share rights is determined at the average of the last dealt prices of the Company's ordinary shares on the Singapore Stock Exchange for five consecutive market days immediately preceding the date of the grant.

5 Directors' contractual benefits

For the financial year ended 30 June 2015 no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for the following:

- Directors' remuneration as disclosed in Principle 9 of the Corporate Governance Report; and
- Barry Alfred Carson received remuneration from Australasian Insulation Supplies Pty Ltd (a supplier of insulation material to AGC Industries Pty Ltd) in his capacity as director of that company.

6 Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

- Ooi Chee Kar (Chairman)
- Wu Yu Liang
- Chew Heng Ching

All members of the Audit Committee were independent non-executive directors.

The Audit Committee performed the functions specified in Section 201B(5) of the Singapore Companies Act and Code of Corporate Governance.

The duties and functions of the Audit Committee have been included in the Corporate Governance Report.

The Audit Committee has nominated PricewaterhouseCoopers LLP for re-appointment as auditor of the Company at the forthcoming Annual General Meeting. The Audit Committee has conducted an annual review of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor before confirming its nomination.

7 Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Stuart Maxwell Kenny
Executive Chairman
Singapore

Gerard Patrick Hutchinson
Managing Director
Singapore

28 September 2015

Statement By Directors'

For the financial year ended
30 June 2015

In the opinion of the directors,

(a) the balance sheets of the Company and the consolidated financial statements of the Group as set out on pages 53 to 115 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2015 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Stuart Maxwell Kenny
Executive Chairman
Singapore

Gerard Patrick Hutchinson
Managing Director
Singapore

28 September 2015

Independent Auditor's Report to the Members of AusGroup Limited

For the financial year ended
30 June 2015

Report on Financial Statements

We have audited the accompanying financial statements of AusGroup Limited (the "Company") and its subsidiary corporations (the "Group") set out on pages 53 to 115, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2015, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 28 September 2015

Balance Sheets

		Group			Company	
	Notes	**2015 AU$'000**	2014 AU$'000 Restated*	1 July 2013 AU$'000 Restated*	**2015 AU$'000**	2014 AU$'000
ASSETS						
Current assets						
Cash and cash equivalents	6	**38,647**	40,845	11,722	**-**	16,519
Trade receivables	7	**177,609**	135,439	158,934	**-**	-
Other receivables and prepayments	8	**11,878**	14,031	7,362	**626**	516
Inventories	9	**7,856**	6,146	1,797	**-**	-
Due from subsidiaries	10	**-**	-	-	**12,789**	425
Other assets	11	**-**	117	1,012	**-**	-
Assets classified as held for sale		**-**	-	18,397	**-**	-
Total current assets		**235,990**	196,578	199,224	**13,415**	17,460
Non-current assets						
Property, plant and equipment	12	**181,642**	60,858	75,986	**-**	-
Goodwill	13	**13,530**	16,405	16,421	**-**	-
Other intangible assets	14	**94,500**	7,987	10,867	**-**	-
Other receivables	8	**2**	1,453	-	**-**	-
Due from subsidiaries	10	**-**	-	-	**158,654**	26,563
Other assets	11	**-**	-	-	**114,212**	61,465
Deferred income tax assets	15	**17,372**	16,390	1,661	**-**	-
Total non-current assets		**307,046**	103,093	104,935	**272,866**	88,028
Total assets		**543,036**	299,671	304,159	**286,281**	105,488
LIABILITIES						
Current liabilities						
Trade payables	16	**77,736**	29,198	42,527	**-**	-
Other payables	17	**37,201**	41,235	41,861	**2,432**	1,331
Borrowings	18	**10,235**	1,916	30,010	**8,663**	-
Accruals for other liabilities and charges	19	**13,019**	10,024	12,306	**-**	-
Current income tax liability		**2,541**	2,025	780	**78**	-
Total current liabilities		**140,732**	84,398	127,484	**11,173**	1,331
Non-current liabilities						
Deferred income tax liabilities	15	**2,601**	1,835	2,406	**-**	-
Other payables		**-**	-	1,252	**-**	-
Due to subsidiaries	10				**9,740**	2,952
Borrowings	18	**156,823**	17,713	-	**121,013**	-
Accruals for other liabilities and charges	19	**1,449**	1,228	1,449	**-**	-
Total non-current liabilities		**160,873**	20,776	5,107	**130,753**	2,952
Total liabilities		**301,605**	105,174	132,591	**141,926**	4,283
Net assets		**241,431**	194,497	171,568	**144,355**	101,205

The above balance sheets should be read in conjunction with the accompanying notes.

Balance Sheets (continued)

	Notes	Group 2015 AU$'000	Group 2014 AU$'000 Restated*	Group 1 July 2013 AU$'000 Restated*	Company 2015 AU$'000	Company 2014 AU$'000
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	20	**128,040**	99,599	64,309	**128,040**	99,599
Capital reserve	21	**(163)**	(163)	(163)	**(163)**	(163)
Share based payment reserve	21	**3,114**	886	1,052	**3,114**	886
Foreign currency translation reserve	21	**14,058**	3,528	3,852	**20,112**	4,173
Retained earnings / (Accumulated losses)		**96,821**	90,647	102,518	**(6,748)**	(3,290)
Total equity attributable to owners		**241,870**	194,497	171,568	**144,355**	101,205
Non-controlling interests		**(439)**	-	-	**-**	-
Total equity		**241,431**	194,497	171,568	**144,355**	101,205

* See note 4 for details regarding the restatement as a result of an error.

The above balance sheets should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

AusGroup Limited
For the year ended
30 June 2015

	Notes	Group 2015 AU$'000	2014 AU$'000
Revenue from continuing operations	22	**427,412**	302,447
Cost of sales		**(368,060)**	(297,503)
Gross profit		**59,352**	4,944
Other operating income	23	**3,700**	21,357
Other operating costs		**(22,533)**	(17,954)
Administrative expenses		**(19,852)**	(25,995)
Marketing and distribution expenses		**(1,916)**	(2,162)
Impairment of goodwill	13	**(3,520)**	-
Profit/(loss) from operations	24	**15,231**	(19,810)
Finance costs	25	**(7,476)**	(3,442)
Profit/(loss) before income tax		**7,755**	(23,252)
Income tax (expense)/benefit	26	**(1,545)**	11,381
Profit/(loss) for the year		**6,210**	(11,871)
Profit/(loss) is attributable to:			
Equity holders of the Company		**6,174**	(11,871)
Non-controlling interests		**36**	-
		6,210	(11,871)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Currency translation differences arising from consolidation		**10,487**	(324)
Total comprehensive income/(loss) for the year		**16,697**	(12,195)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**16,704**	(12,195)
Non-controlling interests		**(7)**	-
		16,697	(12,195)
Earnings/(loss) per share attributable to equity holders of the Company (AU$ cents per share)			
- Basic earnings/(loss) per share	27	**0.9**	(2.3)
- Diluted earnings/(loss) per share	27	**0.9**	(2.3)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

AusGroup Limited
For the year ended
30 June 2015

Group	Share capital AU$'000	Capital reserve AU$'000	Share based payment reserve AU$'000	Foreign currency translation reserve AU$'000	Retained earnings AU$'000	Total AU$'000	Non-controlling interest AU$'000	Total equity AU$'000
Balance as at 1 July 2014 as restated	99,599	(163)	886	3,528	90,647	194,497	-	**194,497**
Profit for the year	-	-	-	-	6,174	6,174	36	**6,210**
Other comprehensive income/(loss)	-	-	-	10,530	-	10,530	(43)	**10,487**
Total comprehensive income/(loss) for the year	-	-	-	10,530	6,174	16,704	(7)	**16,697**
Transactions with owners in their capacity as owners:								
Acquisition of subsidiaries	28,562	-	-	-	-	28,562	(432)	**28,130**
Share issue expenses	(121)	-	-	-	-	(121)	-	**(121)**
Employee share and option scheme expense	-	-	2,228	-	-	2,228	-	**2,228**
	28,441	-	2,228	-	-	30,669	(432)	**30,237**
Balance at 30 June 2015 Group	**128,040**	**(163)**	**3,114**	**14,058**	**96,821**	**241,870**	**(439)**	**241,431**
Balance as at 1 July 2013								
As previously reported	64,309	(163)	1,052	3,852	104,150	173,200	-	173,200
*Correction of prior period error	-	-	-	-	(1,632)	(1,632)	-	(1,632)
As restated	64,309	(163)	1,052	3,852	102,518	171,568	-	171,568
Loss for the year	-	-	-	-	(11,871)	(11,871)	-	(11,871)
Other comprehensive loss	-	-	-	(324)	-	(324)	-	(324)
Total comprehensive loss for the year	-	-	-	(324)	(11,871)	(12,195)	-	(12,195)
Transactions with owners in their capacity as owners:								
Employee share and option scheme expense	-	-	113	-	-	113	-	113
Shares issued net of transaction cost	35,011	-	-	-	-	35,011	-	35,011
Shares issued under the Company's employee share scheme	279	-	(279)	-	-	-	-	-
	35,290	-	(166)	-	-	35,124	-	**35,124**
Balance at 30 June 2014 as restated	99,599	(163)	886	3,528	90,647	194,497	-	194,497

* See note 4 for details regarding the restatement as a result of an error.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

AusGroup Limited
For the year ended
30 June 2015

	Notes	Group 2015 AU$'000	Group 2014 AU$'000
Cash flows from operating activities			
Net profit/(loss) for the year		**6,210**	(11,871)
Adjustments for:			
Income tax expense/(benefit)	26	**1,545**	(11,381)
Depreciation of property, plant and equipment	12	**9,748**	10,606
Amortisation of intangible assets	14	**2,283**	3,675
Employee share and share option scheme expense / (reversal)		**2,228**	(166)
Impairment of goodwill	13	**3,520**	-
Impairment of other intangible assets	14	**277**	-
Impairment of property, plant and equipment	12	**200**	-
Impairment of trade receivables		**796**	26
Net foreign exchange differences		**(149)**	-
Profit on sale of property, plant and equipment	23	**(1,575)**	(4,202)
Profit on sale of asset held for sale	23	**-**	(14,760)
Interest income	23	**(877)**	(742)
Finance costs	25	**7,476**	3,442
Research and development tax credits		**(33,797)**	-
Operating cash flows before working capital changes		**(2,115)**	(25,373)
Changes in operating assets and liabilities, net of effects from acquisition of business			
Trade receivables		**(40,054)**	23,430
Other receivables and prepayments		**2,684**	(7,695)
Trade and other payables		**26,536**	(13,988)
Accruals		**(2,665)**	(2,504)
Inventories		**(1,710)**	(4,349)
Cash used in operations		**(17,324)**	(30,479)
Interest paid		**(7,043)**	(3,316)
Interest received	23	**877**	742
Income tax received/(paid)		**11,007**	(3,049)
Net cash used in operating activities		**(12,483)**	(36,102)

Consolidated Statement of Cash Flows (continued)

AusGroup Limited
For the year ended
30 June 2015

	Notes	Group 2015 AU$'000	2014 AU$'000
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**4,685**	13,548
Proceeds from disposal of asset held for sale		**-**	33,000
Purchase of property, plant and equipment		**(55,246)**	(4,619)
Purchase of intangible assets	14	**(1,661)**	(799)
Payments for acquisition of subsidiary, net of cash acquired		**-**	(1,303)
*Restricted cash	6	**(25,509)**	-
Net cash outflow on acquisition of subsidiary	31	**(12,188)**	-
Distributions from joint venture		**-**	895
Net cash (used in) / generated from investing activities		**(89,919)**	40,722
Cash flows from financing activities			
Proceeds from loans		**121,363**	20,000
Repayment of bank loans		**(53,000)**	(25,306)
Net repayment of finance leases		**(1,070)**	(1,455)
Proceeds from issue of share capital		**-**	36,308
Payment for share issue costs		**(122)**	(1,297)
Payment for borrowing costs		**-**	(649)
Net cash inflow from financing activities		**67,171**	27,601
Net (decrease) / increase in cash and cash equivalents		**(35,231)**	32,221
Effects of exchange rate changes on cash and cash equivalents		**1,368**	(128)
Cash and cash equivalents at the beginning of the financial year		**40,845**	8,752
Cash and cash equivalents at end of year	6	**6,982**	40,845

* The amount represents cash security held for bank guarantees issued.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

These notes form an integral part of, and should be read in conjunction with, the accompanying financial statements.

1 General information

AusGroup Limited (the "Company") is a limited liability company domiciled and incorporated in Singapore and its shares are publicly traded on the Singapore Exchange. The address of its registered office is 36 Tuas Road, Singapore 638505 and its principal place of business is Level 1, 18-32 Parliament Place, West Perth, Western Australia, 6005.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 11(b).

The consolidated financial statements of the Group for the financial year ended 30 June 2015 and the balance sheet of the Company as at 30 June 2015 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 28 September 2015.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") using the historical cost convention, except as disclosed in the accounting policies below.

Critical accounting estimates

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) New accounting standards and interpretations

(i) New standards, amendments and interpretations adopted by the Group

On 1 July 2013, the Group early adopted the following standards and amendments that are mandatory for application for the financial year ended 30 June 2015:

- FRS 110 Consolidated Financial Statements (effective 1 January 2014);
- FRS 111 Joint Arrangements (effective 1 January 2014);
- FRS 112 Disclosure of Interests in Other Entities (effective 1 January 2014);
- FRS 28 Investments in Associates and Joint Ventures (effective 1 January 2014); and
- FRS 27 Separate Financial Statements (effective 1 January 2014)

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported.

On 1 July 2014, the Group adopted the following amended FRS that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. The adoption of these amended FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

- Amendment to FRS 32 Financial Instruments: Presentation (Offsetting financial assets and financial liabilities)
- Amendment to FRS 36 Impairment of Assets (Recoverable amount disclosures for non-financial assets)
- Amendment to FRS 19 (R) Employee Benefits - Defined Benefit Plans: Employee Contributions
- Amendment to FRS 102 Share-based Payment
- Amendment to FRS 103 Business Combinations
- Amendment to FRS 108 Operating Segments

(ii) New standards, amendments and interpretations not yet adopted

Certain new accounting standards have been published that are not mandatory for the financial year ended 30 June 2015 and have not been early adopted by the Group. The Group's and the Company's assessment of the impact of these new standards is set out below.

2 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)

This standard replaces FRS 18 Revenue and FRS 11 Construction Contracts and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The Group will apply the standard from 1 July 2018. The Group is assessing the impact of FRS 115.

FRS 109 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

This standard replaces the guidance in FRS 39 Financial Instruments: Recognition and Measurement that relates to the classification and measurement of financial assets, and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through profit and loss.

The Group will apply the standard from 1 July 2018. The Group is assessing the impact of FRS 109.

(c) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2(d)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Please refer to Note 2(g) for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

Please refer to Note 2(g) for the accounting policy on investments in associated companies in the separate financial statements of the Company.

(c) Principles of consolidation

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

2 Summary of significant accounting policies (continued)

(c) Principles of consolidation (continued)

(iii) Equity method (continued)

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iv) Joint arrangements

Under FRS 111 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has determined that it has no joint operations and that a joint venture ceased operation in the financial year ended 30 June 2014.

Interests in joint ventures are accounted for using the equity method (see (iii) above), after initially being recognised at cost in the consolidated balance sheet.

Please refer to Note 2(g) for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of AusGroup Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(d) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following:

- fair values of the assets transferred
- liabilities incurred
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

2 Summary of significant accounting policies (continued)

(d) Business combinations (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(e) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous entity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

(f) Property, plant and equipment

Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the cost amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2 Summary of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(iv) Fixed asset losses

The Group carries a provision for loss of scaffolding equipment. This provision is based on the Group's history of losses that have occurred.

<u>Depreciation</u>

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight line method to allocate their depreciable amounts over their estimated useful lives as follows:

- Freehold Buildings 2.5% per annum
- Leasehold land and buildings over the life of the lease (2 to 12 years)
- Plant and equipment 5% - 33% per annum

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision of the residual values and useful lives are recognised prospectively in profit or loss when the changes arise.

<u>Subsequent expenditure</u>

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repair and maintenance expenses are recognised in profit or loss when incurred.

<u>Disposal</u>

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised as a profit or loss within 'Other operating income' in the consolidated statement of comprehensive income.

(g) Investments in subsidiaries, associated companies and interests in joint ventures

Investments in subsidiaries, associated companies and interests in joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of these investments or interests, the difference between disposal proceeds and the carrying amounts of the investments or interests is recognised as a profit or loss in the statement of comprehensive income.

(h) Impairment of non-financial assets

Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associated company is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost of disposal and value-in-use.

2 Summary of significant accounting policies (continued)

(h) Impairment of non-financial assets (continued)

Goodwill (continued)

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. This allocation is done to the extent that it does not decrease the carrying amount of individual assets below their recoverable amount.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

Property, plant and equipment, other intangible assets and investments in subsidiaries

Property, plant and equipment, other intangible assets and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of these assets, the recoverable amount (i.e. the higher of the fair value less cost of disposal and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(i) Other intangible assets

(i) Acquired customer contracts

Customer contracts are capitalised at the contract value calculated by reference to future cash flows of the contracts and discounted back to present value. The intangible assets arising from customer contracts were acquired through business combination. The customer contracts are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

These assets are amortised on a straight-line basis over the useful lives of the customer contracts of two to four years.

(ii) Acquired customer relationships, management skills and technical knowledge

Customer relationships, management skills and technical knowledge are capitalised by reference to future cash flows of the expected sales to existing customers and discounted back to present value. The intangible assets arising were acquired through a business combination. These assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

These assets are amortised on a straight-line basis over the contractually agreed employment period of the owner of the previous business of 5 years.

(iii) Acquired right to operate

The right to operate port facility is capitalised by reference to future cash flows of the expected revenues generated by the port.

These assets are subsequently amortised on a straight-line basis over the lesser of the useful life of the port and the maximum term of the rent lease (45 years).

2 Summary of significant accounting policies (continued)

(i) Other intangible assets (continued)

(iv) IT development and software

Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Developed software is initially capitalised at cost, which includes purchases of materials and services and payroll-related costs of employees directly involved in the project.

Developed software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight line method over their estimated useful lives of 3 to 10 years (2014: 3 to 5 years) (Note 14(a)).

The carrying amount of software development costs capitalised as intangible assets is tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

(j) Assets classified as held for sale

Assets classified as held for sale are carried at the lower of their carrying amount and fair value less cost of disposal if their carrying amount is recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable the appropriate level of management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must be initiated. The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification. However, events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

These assets are not depreciated while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has previously been recognised) is recognised in profit and loss.

(k) Construction contracts

When accounting for construction contracts, the contracts are either combined or segmented if deemed necessary to reflect the substance of a contract or group of contracts.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the ratio of contract costs incurred to date to the estimated total costs for the contract or on the basis of value of work completed. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

2 Summary of significant accounting policies (continued)

(k) Construction contracts (continued)

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade payables".

Progress billings not yet paid by customers and retentions are included within "trade receivables". Advances received are included within "trade payables".

(l) Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "cash and cash equivalents", "trade receivables", "other receivables and prepayments" and "due from subsidiaries" on the balance sheet.

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(m) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude restricted cash which has been pledged to banks to secure borrowing facilities granted to the Group. Cash and cash equivalents include cash on hand and at banks or financial institutions, fixed bank deposits and bank overdrafts, which form an integral part of the Group's cash management. Cash and cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

(o) Borrowings

Borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the consolidated income statement over the period of the borrowings.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in the current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, where it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the consolidated statement of comprehensive income as an interest expense.

(q) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Leases

Lessee - Finance leases

Leases of property, plant and equipment where the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Lessee - Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (refer note 30). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lessor - Operating leases

Leases of plant and equipment where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-lines basis over the lease term.

2 Summary of significant accounting policies (continued)

(r) Leases (continued)

Lessor - Operating leases (continued)

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expenses in profit or loss over the lease term on the same basis as the lease income.

(s) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group, from time to time, designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

(i) Cash flow hedge

Interest rate swaps

The Group, from time to time, enters into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in the hedging reserve and transferred to profit or loss when the interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

Currency forwards

The Group, from time to time, enters into currency forwards that qualify as cash flow hedges against highly probable forecast transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in the hedging reserve and transferred to either the cost of a hedged non-monetary asset upon acquisition or profit or loss when the hedged forecast transactions are recognised.

The fair value changes on the ineffective portion are recognised immediately in profit or loss. When a forecast transaction is no longer expected to occur, the gains and losses that were previously recognised in the hedging reserve are transferred to profit or loss immediately.

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the circumstances of each arrangement.

2 Summary of significant accounting policies (continued)

(t) Revenue recognition (continued)

(i) Short-term contracts

Revenue from short-term contracts (less than 12 months) is recognised upon completion, delivery and acceptance by the customer and the collectability of the related receivables is reasonably assured.

(ii) Construction contracts

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts, refer to Note 2(k).

(iii) Sale of goods

Revenue on sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and collectability of the related receivables is reasonably assured.

(iv) Hire revenue

Revenue from the hiring and installation of scaffolding equipment is recognised in the period in which the services are rendered.

Revenue from the hiring of boat, barge and jack up rig charters is recognised in the period in which the services are rendered.

(v) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(u) Employee benefits

(i) Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group participates in the national schemes as defined by the laws of the countries in which it operates. The Group's contributions are recognised as expenses in the consolidated statement of comprehensive income as and when they are incurred. The Group has no further payment obligations to these schemes once these contributions have been paid.

(ii) Share-based payments

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of options or rights to shares is recognised as an expense in the consolidated statement of comprehensive income with a corresponding increase in the share based payment reserve over the vesting period. The amount recognised as an expense is adjusted to reflect the number of shares and options for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of shares and options that meet the related service and non-market performance conditions at the vesting date. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options or shares granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to vest on each vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under both options and share rights that are expected to vest on each vesting date and recognises the impact of the revision of the estimates in the profit or loss, with a corresponding adjustment to the share based payment reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share based payment reserve, are credited to the share capital account when new ordinary shares are issued.

When the share rights are qualified for the issuing of ordinary shares, the related balance previously recognised in the share based payment reserve are credited to the share capital account when new ordinary shares are issued.

2 Summary of significant accounting policies (continued)

(u) Employee benefits (continued)

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of FRS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulated sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(v) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave which are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Remeasurements as a result of experience adjustments are recognised in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(v) Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders for payment.

(w) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Australian Dollars. The Company's functional currency is the Singapore Dollar and the financial statements are presented in Australian Dollars ("AU$") which, in the opinion of management, is the most appropriate presentation currency as the Group's principal assets and operations are in Australia and the majority of its operations are conducted in AU$.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and qualify as a net investment in foreign operations.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2 Summary of significant accounting policies (continued)

(w) Foreign currency translation (continued)

(iii) Translation of group entities' financial statements

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each consolidated income statement and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

(iv) Consolidation adjustments

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(x) Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, research and development tax credits and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition. To the extent possible deferred tax assets are netted against deferred tax liabilities and vice versa.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 Summary of significant accounting policies (continued)

(x) Income tax (continued)

Research and development tax incentives

Subsidiaries within the Group may be entitled to claim special tax credits for investments in relation to qualifying expenditure under the Research and Development Tax Incentive regime in Australia. The Group accounts for such tax incentives under the split approach where the government grant would only be that component of the benefit in excess of the normal tax rate in that tax jurisdiction and the residual would be accounted for as a tax credit. The component of the benefit in excess of the normal tax rate is allocated against the qualifying expenditure to which the credit relates and presented as cost of sales and administrative expenses in the consolidated statement of comprehensive income.

A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(y) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

(z) Borrowing costs

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(aa) Inventories

Inventories are carried at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. The cost of inventories comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

Consumables are assets in the form of materials or supplies to be consumed in the production process or in the rendering of services and are included in inventory. Consumables are measured at the lower of cost and net realisable value.

(ab) Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(ac) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2 Summary of significant accounting policies (continued)

(ad) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, as well as the financial results reported within the next financial year are discussed below.

Impairment of property, plant and equipment

Property, plant and equipment mainly consist of freehold and leasehold land and buildings, and plant and equipment. The Group assesses impairment at each year end by evaluating the existence of indications specific to the Group that may lead to impairment of property, plant and equipment. These indications include significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to the expected historical or future operating results and significant negative industry or economic trends.

As described in the accounting policy stated in Note 2(h), the Group estimates the recoverable amount as the higher of the fair value less cost of disposal and the value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect the property, plant and equipment.

For the year ended 30 June 2015, the Group identified assets which were idle and recognised a $0.2 million impairment (refer note 12).

Impairment of goodwill

The Group tests at least annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2(h). The recoverable amounts of cash generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to Note 13 for details of these assumptions and the potential impact of changes to the assumptions. For the year ended 30 June 2015, the Group recognised a AU$3.5 million impairment to goodwill.

Impairment of other intangible assets

As stated in Note 2(i) the Group assesses impairment of intangible assets whenever events or changes in circumstances indicate the carrying value of an intangible asset may not be recoverable. The impairment to be recognised is the amount by which the carrying amount exceeds the recoverable amount. The Group estimates the recoverable amount as the higher of the fair value less cost of disposal and the value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect the intangible assets.

For the year ended 30 June 2015, the Group recognised an impairment of AU$0.3 million to other intangible assets.

Deferred income tax assets

The Group recognises deferred income tax assets on carried forward tax losses, capital and investment allowances to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses, capital and investment allowances can be utilised and that the Group is able to satisfy the continuing ownership and continuing business test.

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future profits.

3 Critical accounting estimates and judgements (continued)

(a) Critical accounting estimates and assumptions (continued)

Deferred income tax assets (continued)

Significant items on which the Group has exercised accounting judgement include recognition of a deferred tax asset in respect of research and development tax credits generated in relation to eligible research and development between 15 July 2012 and 30 June 2015 in Australia. The Group recognise a deferred tax asset (DTA) of AU$40.1 million in respect of research and development tax credits. The amounts recognised in the consolidated financial statements are derived from the Group's best estimation and judgement. (Refer to note 15)

Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. Based on the latest profit forecast, the Group is expected to have sufficient taxable profit to be utilised against the tax credits generated in Australia.

Construction contracts

The Group uses the percentage-of-completion method in accounting for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract or on the basis of value of work completed. Significant assumptions are required to estimate the total contract costs and the recoverable variations works that will affect the stage of completion and the contract revenue respectively.

Amounts due from contract customers in the Balance Sheet includes uncertified revenue that has been recognised through the Statement of Comprehensive Income in current and prior periods in respect of claims and variation orders on projects. In estimating the amount of uncertified revenue recognised, the Group has relied on past experience and the work of specialists. If the uncertified revenue increases/decreases by 1% from management's estimates, the Group's profit before income tax will increase/decrease by approximately AU$0.6 million.

The aggregate costs incurred plus recognised profit less recognised losses to date, progress billings, retentions on construction contracts and due from/to the customers are disclosed in Note 7(b).

Provision for loss on construction contracts

Where it is probable that a loss will arise on a long-term contract, the excess of total expected contract costs over total contract revenue is recognised as an expense immediately.

For the year ended 30 June 2015, the Group has estimated the expected loss from onerous contracts. This estimation has been based upon management's judgement which has been based upon the most up-to-date available information at the date of this financial report.

Workers compensation insurance

Due to the terms of the Group's workers compensation insurance contracts, which are dependent on the claims history in each financial year, the final assessment for the workers compensation premiums only occurs three years after the close of each financial year. The Group is therefore required to assess the likely charge and accrue the costs accordingly. This estimation is done in conjunction with our insurance brokers who track the current and potential claims and assess the likelihood of success of each claim.

Estimation of fair value of share options issued to Captain Larry Johnson and Eng Chiaw Koon

The fair value of options was determined using a Binomial Valuation Model. The significant inputs into the model were share price S$0.4313 at the grant date, volatility of expected share price returns of 50%, dividend yield of 1.5% and annual risk free rate of 1.32%. The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the last 5 years.

3 Critical accounting estimates and judgements (continued)

(b) Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Impairment of trade receivables

The Group maintains allowance for impairment at a level based on the result of individual assessment under FRS 39. Under the individual assessment, the Group is required to obtain the present value of estimated cash flows. Impairment loss is determined as the difference between the financial assets carrying balance and the computed present value. Factors considered in individual assessment are payment history, past due status and term (refer to note 5).

Construction contracts

When accounting for construction contracts, the contracts are either combined or segmented if deemed necessary to reflect the substance of a contract or group of contracts.

Construction contract accounting requires that variations, claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customer. As the approval process (often involving lengthy negotiations) takes some time, judgement is required to be exercised of its probability and revenue recognised accordingly.

4 Correction of error

During the financial year ended 30 June 2013, the Group implemented an enterprise resource planning system. In the process of transitioning financial information in relation to an active project across to the new system, an error occurred which resulted in a transaction being recorded in duplicate. The error was identified in the financial year ended 30 June 2015 when the project was completed and final contract value was agreed with the customer. It was noted that amounts due from customers and retained earnings as at 30 June 2014 and 1 July 2013 were overstated by AU$1.6 million.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	As previously reported	Adjustment	As restated
	AU$'000	AU$'000	AU$'000
Balance as at 30 June 2014			
Trade receivables (Note 7)	137,071	(1,632)	135,439
Construction contracts - Due from customers (Note 7)	71,617	(1,632)	69,985
Retained earnings	92,279	(1,632)	90,647
Balance as at 1 July 2013			
Trade receivables	160,566	(1,632)	158,934
Construction contracts - Due from customers	48,069	(1,632)	46,437
Retained earnings	104,150	(1,632)	102,518

There was no impact to the consolidated statement of comprehensive income or basic and diluted earnings per share in the financial years ended 30 June 2015 and 30 June 2014.

5 Financial risk management

The Group's activities are exposed to a variety of financial risks, including the effects of currency risk, interest rate risk, credit risk and liquidity risk arising in the normal course of business. The Group's financial risk management policy seeks to minimise potential adverse effects on the financial performance of the Group by managing the following risks in the manner set out below.

(a) Currency risk

The Group operates mainly in Australia, with smaller operations in Singapore and Thailand. Group sale and purchase transactions are primarily denominated in Australian dollars with a portion denominated in Singapore dollars, Thai Baht, Euro and US dollars. This exposes the Group to currency risk when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group uses derivative financial instruments to protect against the volatility associated with foreign currency transactions and management constantly monitor the currency rates to ensure the Group's exposure is within an acceptable level.

The Group's currency exposure based on information provided to the Executive Committee is as follows:

	2015				2014		
	Singapore Dollar AU$'000	**United States Dollar AU$'000**	**Thailand Baht AU$'000**	**Euro AU$'000**	Singapore Dollar AU$'000	United States Dollar AU$'000	Thailand Baht AU$'000
Financial assets							
Trade receivables	**10,945**	**12,819**	**9,252**	**-**	7,972	1,836	3,358
Other receivables and prepayments	**4,409**	**1,639**	**56**	**-**	9,414	-	66
Cash and cash equivalents	**1,316**	**251**	**1,332**	**-**	18,048	359	1,679
	16,670	**14,709**	**10,640**	**-**	35,434	2,195	5,103
Financial liabilities							
Trade payables	**4,064**	**12,799**	**956**	**1,537**	5,962	683	995
Other payables	**4,940**	**49**	**1,399**	**-**	2,504	-	583
Borrowings	**110,431**	**54,158**	**-**	**-**	-	-	-
	119,435	**67,006**	**2,355**	**1,537**	8,466	683	1,578
Currency exposure on net financial assets	**(102,765)**	**(52,297)**	**8,285**	**(1,537)**	26,968	1,512	3,525

The Company's financial assets and liabilities are mainly denominated in Singapore dollars and US dollars.

During the year, the following exchange related amounts were recognised in profit and loss:

	Group	
	2015 AU$'000	2014 AU$'000
Net foreign exchange income / (loss)	**574**	(588)

Sensitivity analysis

A change of 10% (2014: 10%), taking into consideration both strengthening and weakening aspect of AU$, against the following currencies at the balance sheet date would increase/(decrease) the Group's profit before income tax by the amounts as shown below. This analysis assumes that all other variables, in particular interest and tax rates, remain constant.

5 Financial risk management (continued)

(a) Currency risk (continued)

	Group	
	2015 **AU$'000**	2014 AU$'000
SGD against AU$		
- strengthened	**760**	2,670
- weakened	**(770)**	(2,670)
USD against AU$		
- strengthened	**180**	150
- weakened	**(190)**	(150)
BAHT against AU$		
- strengthened	**820**	350
- weakened	**(840)**	(360)
EURO against AU$		
- strengthened	**(150)**	-
- weakened	**160**	-

The impact on other components of equity, being an increase/(decrease) is shown as below:

	Group	
	2015 **AU$'000**	2014 AU$'000
USD against AU$		
- strengthened	**(5,360)**	-
- weakened	**5,470**	-
SGD against AU$		
- strengthened	**(10,930)**	-
- weakened	**11,150**	-

(b) Interest rate risk

The Group's exposure to interest rate risk is related mainly to its syndicated facilities, which are on fixed rate terms. Interest rates on the short-term loans are fixed. The interest rate and terms of repayment of borrowings and cash balances of the Group are disclosed in Notes 18 and 6 respectively.

The Group's policy is to obtain the most favourable interest rates available for its borrowings and bank deposits. Bank deposits are placed where the interest rates are beneficial whilst at the same time mitigate the risk of market changes in interest rate. The Group's financial risk management policy seeks to minimise potential adverse effects on the financial performance of the Group by entering into interest rate swap transactions to generate the desired interest profit and to manage the exposure to interest rate fluctuations. This involves an exchange of a floating rate obligation to a fixed rate obligation which is recognised at fair value.

A 1% (2014 : 1%) increase/(decrease) in the floating rate terms of the Group's borrowings and bank deposits at the balance sheet date would increase/(decrease) profit or loss by the following amount:

5 Financial risk management (continued)

(b) Interest rate risk (continued)

	Group	
	2015	2014
	AU$'000	AU$'000
Profit or loss	**252**	194

This analysis assumes that all other variables remain constant. There is no impact on other components of equity (2014: nil).

(c) Credit risk

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The Group's maximum exposure to credit risk is in terms of trade receivables which have a balance at 30 June 2015 of AU$177.6 million (2014: AU$135.4 million). This exposure is further analysed below:

	Group	
	2015	2014
	AU$'000	AU$'000
By currency exposure :		
Singapore dollar	**10,945**	7,972
Australian dollar	**142,138**	122,273
Thai Baht	**11,707**	3,358
US dollar	**12,819**	1,836
	177,609	135,439
By types of customers :		
Non-related parties	**177,609**	135,439

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

There were no terms renegotiated during the year for receivables that were past due (2014: None).

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2015	2014
	AU$'000	AU$'000
Past due less than 3 months	**11,407**	9,714
Past due 3 to 6 months	**3,221**	155
Past due greater than 6 months	**1,226**	52
	15,854	9,921

5 Financial risk management (continued)

(c) Credit risk (continued)

Financial assets that are past due and/or impaired (continued)

As at 30 June 2015, there was allowance of AU$0.5 million against trade receivables (2014: Nil). There are no other receivables that are neither past due nor impaired where adverse credit events or circumstances have occurred that would lead to concern over the credit quality of such assets (Refer to note 7(a)).

(d) Liquidity risk

The table below analyses the maturity profile of the Group's and Company's non-derivative financial liabilities based on undiscounted cash flows (balances due within 12 months equal their carrying balances as the impact of discounting is not significant).

Contractual maturities of financial liabilities	**Less than 1 year AU$'000**	**Between 1 and 2 years AU$'000**	**Between 2 and 5 years AU$'000**	**Total contractual cashflows AU$'000**	**Carrying amount of liabilities AU$'000**
Group					
2015					
Trade and other payables	**114,937**	**-**	**-**	**114,937**	**114,937**
Borrowings	**13,754**	**114,174**	**56,695**	**184,623**	**167,058**
Accruals for other liabilities and charges	**13,019**	**1,449**	**-**	**14,468**	**14,468**
	141,710	**115,623**	**56,695**	**314,028**	**296,463**
2014					
Trade and other payables	70,433	-	-	70,433	70,433
Borrowings	4,518	20,775	-	25,293	19,629
Accruals for other liabilities and charges	10,024	1,228	-	11,252	11,252
	84,975	22,003	-	106,978	101,314

	Less than 1 year AU$'000	**Between 1 and 2 years AU$'000**	**Between 2 and 5 years AU$'000**	**Total Contractual cashflows AU$'000**	**Carrying amount of liabilities AU$'000**
Company					
2015					
Trade and other payables	**2,432**	**-**	**-**	**2,432**	**2,432**
Borrowings	**11,296**	**113,597**	**14,474**	**139,367**	**129,676**
	13,728	**113,597**	**14,474**	**141,799**	**132,108**
2014					
Trade and other payables	1,331	-	-	1,331	1,331

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

As at 30 June 2015, the Group has net current assets of AU$95.3 million (2014: AU$112.2 million).

5 Financial risk management (continued)

(d) Liquidity risk (continued)

Financing arrangements

The Group and Company had access to the following undrawn borrowing and guarantee facilities at the end of the reporting period:

	Group		Company	
	2015 AU$'000	2014 AU$'000	**2015 AU$'000**	2014 AU$'000
Expiry within one year (bank overdraft and loan facility)	**232**	-	**-**	-
Expiry beyond one year (bank overdraft and loan facility)	**6,810**	-	**6,810**	-
Guarantee facility	**25,798**	1,220	**25,798**	-
Surety bond facility	**12,609**	-	**12,609**	-

(e) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company is required by the banks to maintain certain financial ratios such as gearing ratios and interest cover ratios. There were no breaches of these financial ratios during the years ended 30 June 2015 and 30 June 2014.

The gearing ratio is calculated as net debt / (funds) divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2015 AU$'000	2014 AU$'000 Restated*	**2015 AU$'000**	2014 AU$'000
Net debt / (funds)	**128,411**	(21,216)	**129,676**	(16,519)
Total equity	**241,431**	194,497	**144,355**	101,205
Total capital	**369,842**	173,281	**274,031**	84,686

* See note 4 for details regarding the restatement as a result of an error.

Gearing ratio	**34.7%**	n/m*	**47.3%**	n/m*

*Not meaningful as the amount of cash and cash equivalents exceeds the borrowings.

5 Financial risk management (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2015 AU$'000	2014 AU$'000 *Restated	**2015 AU$'000**	2014 AU$'000
Loans and receivables[1]	**223,793**	190,060	**172,059**	43,988
Financial liabilities measured at amortised cost[2]	**296,463**	101,314	**141,848**	4,283

* See note 4 for details regarding the restatement as a result of an error.

Fair value of financial instruments

As at balance sheet date, carrying amount of current assets and liabilities approximate fair value.

Non-current assets and liabilities of the Company at balance sheet date approximates fair value.

[1] Refer to notes 6, 7, 8 and 10 (The amount excludes prepayments in Note 8)

[2] Refer to notes 10, 16, 17, 18 and 19

6 Cash and cash equivalents

	Group		Company	
	2015 AU$'000	2014 AU$'000	**2015 AU$'000**	2014 AU$'000
Cash and cash equivalents represented by:				
Cash at bank	**13,138**	40,845	**-**	16,519
Restricted cash	**25,509**	-	**-**	-
	38,647	40,845	**-**	16,519

Restricted cash was held as term deposits with effective interest rates ranging from 0% to 2.5% (2014: 0.22% to 3.20%) per annum.

Reconciliation to cash and cash equivalents at the end of the year

The above figures reconcile to the amount of cash and cash equivalents shown in the consolidated statement of cash flows at the end of the financial year as follows:

	Group	
	2015 AU$'000	2014 AU$'000
Balance as above	**38,647**	40,845
*Restricted cash	**(25,509)**	-
Less: Bank overdraft (Note 18)	**(6,156)**	-
Balance per consolidated statement of cash flows	**6,982**	40,845

* The amount represents cash security held for bank guarantees issued.

7 Trade receivables

	Group	
	2015 **AU$'000**	2014 Restated* AU$'000
Trade receivables		
- Non-related parties	**75,015**	65,455
- Less: Allowance for impairment of receivables (note 7(a))	**(469)**	(1)
	74,546	65,454
Construction contracts		
- Due from customers (note 7(b))	**91,923**	69,985
- Retentions	**11,140**	-
	177,609	135,439

At 30 June 2015, all amounts included in trade receivables and arising from construction contracts are due for settlement within 12 months (2014: 12 months).

(a) Allowance for impairment of receivables

	Group	
	2015 **AU$'000**	2014 AU$'000
Beginning of financial year	**(1)**	(43)
(Increase)/decrease in provision	**(796)**	26
Written off during the year	**328**	16
End of financial year	**(469)**	(1)

(b) Construction contracts

	Group	
	2015 **AU$'000**	2014 Restated* AU$'000
Aggregate costs incurred plus recognised profit less recognised losses to date on uncompleted construction contracts	**799,056**	602,385
Less: Progress billings	**(726,754)**	(533,037)
	72,302	69,348
Presented as:		
Due from customers on construction contracts	**91,923**	69,985
Due to customers on construction contracts (note 16)	**(19,621)**	(637)
	72,302	69,348

The action in the Supreme Court of Western Australia by the Company's wholly-owned subsidiary, AGC Industries Pty Ltd and Karara Mining Limited remains ongoing

* See note 4 for details regarding the restatement as a result of an error.

8 Other receivables and prepayments

	Group		Company	
	2015	2014	**2015**	2014
	AU$'000	AU$'000	**AU$'000**	AU$'000
Current				
Prepayments	**4,343**	1,708	**10**	35
Deposits	**4,346**	9,177	**-**	-
Sundry receivables	**3,189**	1,461	**616**	481
Current tax receivables	**-**	1,685	**-**	-
	11,878	14,031	**626**	516
Non-current				
Retention withheld	**2**	1,453	**-**	-

9 Inventories

	Group	
	2015	2014
	AU$'000	AU$'000
Inventory	**7,856**	6,146

The Group's inventory primarily consists of consumables.

10 Due from subsidiaries

		Company
	2015	2014
	AU$'000	AU$'000
Current		
Advances to subsidiaries - non-trade (Note 29(f))	**12,789**	425
Non-current		
Advances to subsidiaries - non-trade (Note 29(f))	**158,654**	26,563
Advances from subsidiaries - non-trade (Note 29(f))	**(9,740)**	(2,952)

As at 30 June 2015, advances to subsidiaries amounted to AU$171.4 million (2014: AU$27.0 million) and advances from subsidiaries amounted to AU$9.7 million (2014: AU$3.0 million), which bear interest at 5.0% (2014: 5.0%) per annum. Apart from an amount of AU$12.8 million (2014: AU$0.4 million) which is repayable within the next twelve months from balance sheet date, no other advances to or from subsidiaries are due for repayment within the next 12 months.

11 Other assets

	Group		Company	
	2015 AU$'000	2014 AU$'000	**2015 AU$'000**	2014 AU$'000
Current				
Interest in joint venture	**-**	117	**-**	-
Non-current				
Investment in subsidiaries	**-**	-	**114,212**	61,465

(a) Interest in joint venture

AGC Industries Pty Ltd ("AGCI"), a wholly owned subsidiary of the Group, entered into a contractual agreement with Kiewit Australia ("Kiewit") to form a joint venture known as the Kiewit and AGC Industries ("KAGC") JV during the 2012 financial year. AGCI has a 25% (2014: 25%) interest in the KAGC JV. KAGC JV entered into a joint venture arrangement with AMEC Minproc known as the Cloudbreak Enhancement Project Team ("CEPT") JV with regards to the Cloudbreak construction project. The JV principal place of business is in Australia.

The KAGC JV is accounted for in the financial statements using the equity method of accounting (refer Note 2(c)). AGCI's costs incurred towards the Cloudbreak project are charged to / reimbursed by the KAGC JV. The joint venture contract has been completed. Information relating to the KAGC JV is set out below.

	Group	
	2015 AU$'000	2014 AU$'000
Interest at cost		
Beginning of financial year	**117**	1,012
Share of profits	**-**	-
Distribution of profits	**-**	(895)
Written off	**(117)**	-
End of financial year	**-**	117
The Group's interest in the KAGC JV is summarised as follows:		
- Current assets	**-**	117
- Liabilities	**-**	-
- Revenue	**-**	-
- Net profit before tax	**-**	-

11 Other assets (continued)

(b) Investment in subsidiaries

	Company	
	2015 **AU$'000**	2014 AU$'000
Equity investment at cost		
Beginning of financial year	**61,465**	37,438
Acquisition of subsidiaries (Note 31)	**41,140**	-
Investment at cost*	**-**	24,201
Currency translation movement	**11,607**	(174)
End of financial year	**114,212**	61,465

*On 9 October 2013, AGC Australia Pty Ltd increased its issued paid-up share capital from AU$10.8 million to AU$34.9 million by the allotment of 24,176,675 ordinary shares at an issue price of AU$1.00 per share. The investment was funded by utilising part of the proceeds from the sale of the leasehold land and buildings in Singapore in September 2013. The investment proceeds received by AGC from the Company was in turn utilised to reduce the Group's overdraft facilities.

Name of entity	**Principal activity**	**Country of incorporation**	**Equity holding**	
			2015 %	**2014 %**
AusGroup Singapore Pte. Ltd (2)	Engineering and service	Singapore	**100**	100
Modern Access Services Singapore Pte. Ltd (2)	Engineering and service	Singapore	**100**	100
Cactus Oil & Gas Sdn Bhd	Dormant	Malaysia	**100**	100
AGC Australia Pty Ltd (1)	Investment holding / property	Australia	**100**	100
AGC Industries Pty Ltd (1)	Engineering and service	Australia	**100**	100
Seagate Structural Engineering Pty Ltd (1)	Property	Australia	**100**	100
MAS Australasia Pty Ltd (1)	Engineering and service	Australia	**100**	100
AusGroup Corporation Co., Ltd (1)	Engineering and service	Thailand	**100**	100
AGC Energy and Infrastructure Pty Ltd (1)	Labour supply	Australia	**100**	100
Resource People Pty Ltd (1)	Labour supply	Australia	**100**	100
Ezion Offshore Logistics Hub Pte Ltd (2)	Investment holding	Singapore	**100**	-
Ezion Offshore Logistics Hub (Tiwi) Pty Ltd (1)	Marine supply base and provision of ship chartering services	Australia	**100**	-
Teras Global Pte Ltd (2)	Chartering services	Singapore	**100**	-
Ezion Offshore Logistics Hub (Exmouth) Pty Ltd (1)	Marine supply base	Australia	**100**	-
Teras Australia Pty Ltd (1)	Ship management and provision of ship chartering services	Australia	**90**	-

(1) Audited by another member firm of the PwC network of which PricewaterhouseCoopers LLP, Singapore is a member

(2) Audited by PricewaterhouseCoopers LLP, Singapore

12 Property, plant and equipment

	Freehold land AU$'000	Freehold buildings AU$'000	Leasehold land & buildings AU$'000	Plant and equipment AU$'000	Assets under construction AU$'000	Total AU$'000
At 1 July 2013						
Cost	3,828	7,851	558	126,949	-	139,186
Accumulated depreciation	-	(1,056)	(310)	(61,834)	-	(63,200)
Net book amount	3,828	6,795	248	65,115	-	75,986
Year ended 30 June 2014						
Opening net book amount	3,828	6,795	248	65,115	-	75,986
Exchange differences	-	-	-	(26)	-	(26)
Additions	-	4	2,338	2,277	-	4,619
Disposals	-	-	(62)	(9,053)	-	(9,115)
Depreciation charge	-	(196)	(111)	(10,299)	-	(10,606)
Closing net book amount	3,828	6,603	2,413	48,014	-	60,858
At 30 June 2014						
Cost	3,828	7,855	2,826	113,499	-	128,008
Accumulated depreciation	-	(1,252)	(413)	(65,485)	-	(67,150)
Net book amount	3,828	6,603	2,413	48,014	-	60,858
Year ended 30 June 2015						
Opening net book amount	3,828	6,603	2,413	48,014	-	**60,858**
Depreciation charge	-	(196)	(480)	(9,072)	-	**(9,748)**
Acquisition of subsidiary	-	-	40,070	1,227	17,246	**58,543**
Additions	-	-	2,799	11,747	51,611	**66,157**
Disposals	-	-	-	(3,110)	-	**(3,110)**
Exchange differences	-	-	4,664	2,537	1,941	**9,142**
Impairment loss	-	-	-	(200)	-	**(200)**
Closing net book amount	3,828	6,407	49,466	51,143	70,798	**181,642**
At 30 June 2015						
Cost	3,828	7,855	50,821	126,773	70,798	**260,075**
Accumulated depreciation	-	(1,448)	(1,355)	(75,630)	-	**(78,433)**
Net book amount	3,828	6,407	49,466	51,143	70,798	**181,642**

(i) Leased assets

There was no plant and equipment under finance lease acquired for the Group during the financial year (2014: $Nil).

(ii) Impairment loss and compensation

During the year ended 30 June 2015, the Group recognised an impairment loss of approximately AU$0.2 million (2014: $Nil) with respect to plant and equipment.

12 Property, plant and equipment (continued)

(iii) Assets in the course of construction

The Group has assets under construction with costs capitalised up to the reporting date totalling AU$70.8 million (2014: $Nil). Included in the cost capitalised above are borrowing costs related to the construction of assets amounting to AU$5.0 million (2014: Nil). 75% of the funds raised from the multi currency notes issue were utilised to bring the capital works programme at Port Melville to completion. This proportion of the interest in relation to the multi currency notes issue was capitalised as part of the cost of assets under construction.

(iv) Non-current assets pledged as security

The Group has pledged freehold land and buildings, leasehold buildings and certain plant and equipment, having a carrying amount of approximately AU$181.6 million (2014: AU$60.9 million) to secure syndicated loan facilities granted to the Group (refer to note 18).

13 Goodwill

	Group	
	2015 AU$'000	2014 AU$'000
Beginning of financial year	**16,405**	16,421
Impairment during the year	**(3,520)**	-
Exchange difference	**645**	(16)
End of financial year	**13,530**	16,405
Carrying value	**13,530**	16,405

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	Group	
	2015 AU$'000	2014 AU$'000
Scaffolding	**9,859**	9,859
Maintenance services - Painting and insulation	**528**	528
Fabrication and manufacturing - Singapore	**2,536**	4,779
Fabrication and manufacturing - Australia	**-**	632
Projects	**607**	607
	13,530	16,405

The recoverable amounts of the CGUs are determined from value-in-use calculations with the exception of the Fabrication and manufacturing - Australia CGU which was valued at fair value less cost to dispose. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and gross margin during the periods. Management estimates pre-tax discount rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs.

For the year ended 30 June 2015 there was an impairment charge of AU$2.9 million (2014: Nil) in the fabrication and manufacturing Singapore CGU as well as an impairment charge of AU$0.6 million (2014: Nil) in the fabrication and manufacturing Australia CGU.

13 Goodwill (continued)

The key assumptions used in the value-in-use models for the CGU's with material goodwill are as follows:

	Fabrication and Manufacturing - Singapore	Integrated services - Scaffolding
2015		
Growth rate (1)	**2.4%**	**3.0%**
Discount rate (2)	**14.1%**	**12.2%**
Gross margin (3)	**21.0%**	**12.3%**
2014		
Growth rate (1)	2.0%	2.0%
Discount rate (2)	13.6%	17.9%
Gross margin (3)	34.0%	13.5%

(1) weighted average growth rate used to extrapolate cashflow beyond the forecast

(2) Pre-tax discount rate applied to the pre-tax cashflow projection

(3) Budgeted gross margin

The weighted average growth rates used are to extrapolate cash flows beyond the budget period and are consistent with the forecasts included in the industry reports. The discount rates applied to cash flow projections are pre-tax and reflect specific risks relating to the relevant CGU's. The growth rate did not exceed the long term average growth rate for the segment in which the CGU operates. The Group prepares cashflow forecasts derived from the most recent financial budgets approved by management for the next five years.

Significant estimate: Impact of possible changes in key assumptions

Scaffolding CGU

The recoverable amount of the Scaffolding CGU is estimated to be AU$58.4 million (2014:AU$60 million). This exceeds the carrying amount of the CGU at 30 June 2015 by AU$17.2 million (2014: AU$6.1 million).

The following sensitivity analyses were performed on the Integrated services - Scaffolding CGU's key assumptions and budgeted revenue:

- If the budgeted revenue for the financial year ending 30 June 2015 used in the value-in-use calculation for the Scaffolding CGU had been 10% lower than management estimates at 30 June 2015, it would not result in an impairment charge;
- If the budgeted gross margin used in the value-in-use calculation for the Scaffolding CGU had been 5% lower than management's estimates at 30 June 2015, it would not result in an impairment charge; and
- If the estimated cost of capital used in determining the pre-tax discount rate had been 1% higher than management's estimates, it would not result in an impairment charge.

In 2015, there were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment write down in the Integrated Services - Scaffolding CGU.

Fabrication and Manufacturing - Singapore CGU

The recoverable amount of the Singapore CGU is estimated to be AU$21.2 million (2014: AU$35.9 million). The carrying amount of the CGU at 30 June 2015 was AU$24.1 million (2014: AU$23.4 million) resulting in a AU$2.9 million impairment (2014: Nil).

13 Goodwill (continued)

Fabrication and Manufacturing - Singapore CGU (continued)

The following sensitivity analyses were performed on the Fabrication and manufacturing - Singapore CGU's key assumptions and budgeted revenue:

- if the budgeted revenue for the financial year ending 30 June 2016 had been 10% lower than management estimates, it would result in an additional impairment charge of AU$10.7 million ;
- If the budgeted gross margin used in the value-in-use calculation for the Scaffolding CGU had been 5% lower than management's estimates at 30 June 2015, it would result in an additional impairment charge of AU$5.3 million; and
- if the estimated cost of capital used in determining the pre-tax discount rate had been 1% higher than management's estimates, it would result in an additional impairment charge of AU$2.7 million.

Fabrication and Manufacturing - Australia CGU

The recoverable amount of the Australia CGU is estimated to be AU$62.5 million based on fair value less cost to dispose as this exceeded value in use (2014: AU$74.3 million based on value in use). The carrying amount of the CGU at 30 June 2015 was AU$63.5 million (2014: AU$52.9 million) resulting in a AU$0.6 million impairment (2014: nil). The fair value measure was categorized as level 2 fair value based on the inputs in the valuation techniques used.

The land and building held by the CGU relates to the Kwinana Beach facility ("Kwinana Property"), including the land. A valuation was undertaken on 29 April 2015 by a qualified property valuer. In determining the fair value of the property, the valuer has adopted both the capitalization and direct comparison approach.

The recoverable amount in relation to property, plant and equipment has been through communication with relevant suppliers to determine the current value of key high value assets in the second hand equipment market. The balance of equipment has been valued at scrap value.

Receivables have been valued at book value as it is reasonable to conclude that the fair value of receivables approximate their carrying value as at 30 June 2015.

The key assumptions underpinning the fair value less cost to dispose are in relation to market conditions and their impact on the ability to sell the property assets. Should market rates for property decrease by 10%, it would result in an additional impairment charge of AU$1.2 million.

14 Other intangible assets

Group	Right to operate port facility AU$'000	Internally developed software and software licences AU$'000	Customer contracts, relationships, management skills and technical knowledge acquired via business combinations AU$'000	Other intangible assets AU$'000	Total AU$'000
2015					
Cost					
Beginning of financial year	-	12,192	5,257	1,232	18,681
Additions	-	3,244	-	-	3,244
Business acquisition	77,104	-	-	-	77,104
Currency translation differences	8,675	-	151	-	8,826
End of financial year	85,779	15,436	5,408	1,232	107,855
Accumulated amortisation					
Beginning of financial year	-	(5,074)	(4,767)	(853)	(10,694)
Amortisation charge	-	(1,773)	(263)	(247)	(2,283)
Impairment loss	-	-	(277)	-	(277)
Exchange differences	-	-	(101)	-	(101)
End of financial year	-	(6,847)	(5,408)	(1,100)	(13,355)
Carrying value at 30 June 2015	85,779	8,589	-	132	94,500
2014					
Cost					
Beginning of financial year	-	11,461	5,261	1,164	17,886
Additions	-	731	-	68	799
Currency translation differences	-	-	(4)	-	(4)
End of financial year	-	12,192	5,257	1,232	18,681
Accumulated amortisation					
Beginning of financial year	-	(1,880)	(4,524)	(615)	(7,019)
Amortisation charge	-	(3,194)	(243)	(238)	(3,675)
End of financial year	-	(5,074)	(4,767)	(853)	(10,694)
Carrying value at 30 June 2014	-	7,118	490	379	7,987

14 Other intangible assets (continued)

(a) Revision of useful lives of internally developed software and software licences

During the year the estimated total useful lives of certain items of internally developed software and software licences were revised. The net effect of the changes in the current year was a decrease in depreciation expense of AU$1,069,000.

Assuming the assets are held until the end of their useful lives, depreciation in future years in relation to these assets will be:

Year ending 30 June	AU$'000	
2016 - 2017	1,069	lower per year
2018	123	lower per year
2019 - 2022	739	higher per year
2023	375	higher per year

(b) Leased assets

Included with additions in the consolidated financial statements are computer software acquired under finance leases amounting to AU$1.6 million (2014: Nil).

The carrying amounts of the computer software held under finance leases is AU$1.0 million (2014: Nil) at the balance sheet date.

15 Deferred income tax assets / (liabilities)

(i) Deferred tax assets

	Group	
	2015	2014
	AU$'000	AU$'000
The balance comprises temporary differences attributable to:		
Tax losses	**383**	13,596
Research and development tax credits	**40,054**	2,450
Property, plant and equipment	**342**	1,323
Provisions and payables	**7,106**	5,483
Other	**475**	248
	48,360	23,100
Set-off of deferred tax assets pursuant to set-off provisions	**(30,988)**	(6,710)
Net deferred tax assets	**17,372**	16,390
Deferred tax assets expected to be recovered within 12 months	**4,713**	6,086
Deferred tax assets expected to be recovered after more than 12 months	**43,647**	17,014
	48,360	23,100

15 Deferred income tax assets / (liabilities) (continued)

(i) Deferred tax assets (continued)

Movement in deferred tax assets	Tax losses AU$'000	Research and Development tax credits AU$'000	Property, plant and equipment AU$'000	Provisions and payables AU$'000	Other AU$'000	Total AU$'000
At 1 July 2013	-	-	34	7,837	46	7,917
(Charged)/credited:						
- to profit or loss recognised against qualifying expenditure	-	2,450	-	-	-	2,450
- to profit or loss in income tax benefit	13,596	-	1,289	(2,354)	202	12,733
At 30 June 2014	13,596	2,450	1,323	5,483	248	23,100
Utilised against current tax	-	(11,088)	-	-	-	(11,088)
(Charged) / credited:						
- to profit or loss recognised against qualifying expenditure	-	33,797	-	-	-	33,797
- to profit or loss in income tax expense	(13,213)	14,900	(981)	1,615	227	2,548
- to other comprehensive income	-	(5)	-	8	-	3
At 30 June 2015	**383**	**40,054**	**342**	**7,106**	**475**	**48,360**

(ii) Deferred tax liabilities

	Group	
	2015 AU$'000	2014 AU$'000
Property, plant and equipment	**(6,894)**	(7,646)
Intangibles	**(26,640)**	(858)
Other	**(55)**	(41)
	(33,589)	(8,545)
Set-off of deferred tax liabilities pursuant to set-off provisions	**30,988**	6,710
Net deferred tax liabilities	**(2,601)**	(1,835)
Deferred tax liabilities expected to be settled within 12 months	**(3,698)**	(825)
Deferred tax liabilities expected to be settled after more than 12 months	**(29,891)**	(7,720)
	(33,589)	(8,545)

15 Deferred income tax assets / (liabilities) (continued)

(ii) Deferred tax liabilities (continued)

Group	Property, plant and equipment AU$'000	Intangibles AU$'000	Other AU$'000	Total AU$'000
At 1 July 2013	(8,080)	(479)	(103)	(8,662)
(Charged)/credited				
- to profit or loss in income tax benefit	434	(379)	62	117
At 30 June 2014	(7,646)	(858)	(41)	(8,545)
Acquisition of subsidiary	-	(23,131)	-	(23,131)
(Charged)/credited				
- to profit or loss in income tax expense	(790)	(49)	(14)	(853)
- to other comprehensive income	1,542	(2,602)	-	(1,060)
At 30 June 2015	**(6,894)**	**(26,640)**	**(55)**	**(33,589)**

		Group
	2015 AU$'000	2014 AU$'000
Tax credits		
Unused tax credits for which no deferred tax asset has been recognised	**7,906**	12,573
Potential tax benefit	**7,906**	12,573

16 Trade payables

		Group
	2015 AU$'000	2014 AU$'000
Trade payables		
-Non-related parties	**58,115**	28,561
Construction contracts		
- Due to customers (Note 7b)	**19,621**	637
	77,736	29,198

17 Other payables

	Group		Company	
	2015 AU$'000	2014 AU$'000	**2015 AU$'000**	2014 AU$'000
Current				
Accrued expenses	**15,863**	12,679	**1,563**	1,331
Employee benefit accruals	**13,018**	12,593	**2**	-
Payroll tax and other statutory liabilities	**6,312**	15,948	**-**	-
Accrued rent	**584**	-	**-**	-
Other payables	**1,424**	15	**867**	-
	37,201	41,235	**2,432**	1,331

18 Borrowings

	Group		Company	
	2015 AU$'000	2014 AU$'000	**2015 AU$'000**	2014 AU$'000
Current				
Bank overdrafts (note 6)	**6,156**	-	**6,156**	-
Secured loans	**2,507**	1,637	**2,507**	-
Finance leases	**1,572**	279	**-**	-
	10,235	1,916	**8,663**	-
Non-current				
Finance leases	**864**	-	**-**	-
Secured loans	**14,630**	17,713	**14,630**	-
Multi currency notes	**106,383**	-	**106,383**	-
Loans from related party (note 29(g))	**34,946**	-	**-**	-
	156,823	17,713	**121,013**	-
Total borrowings (Interest bearing)	**167,058**	19,629	**129,676**	-

(a) Total current and non-current secured liabilities

	Group		Company	
	2015 AU$'000	2014 AU$'000	**2015 AU$'000**	2014 AU$'000
Bank overdrafts	**6,156**	-	**6,156**	-
Secured loans	**17,137**	19,350	**17,137**	-
Finance leases	**2,436**	279	**-**	-
	25,729	19,629	**23,293**	-

Refer to note 5(d) in relation to the contractual maturities of the loan facilities.

18 Borrowings (continued)

(b) Assets pledged as security

The carrying amounts of the Group's assets pledged as security for:

	Group	
	2015	2014
	AU$'000	AU$'000
Bank facilities	**300,443**	284,913

(c) Loan and overdraft facilities

During the financial year, the Company announced that AusGroup Limited (the "issuer") had issued S$110m 7.45% Notes due 2016 (the "Series 001 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 Series 001 Notes. The Series 001 Notes bear interest at a fixed rate of 7.45% per annum payable semi-annually in arrears and, unless previously redeemed or cancelled, will mature on 20 October 2016.

On 1 April 2015, the Company also 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 Wingate facility at a much reduced all-in interest rate, while extending the Group's debt maturity profile to 2018. Interest on the loan accrues at monthly US dollar LIBOR plus 3.85% per annum, payable monthly in arrears.

During the financial year, 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.

On 7 November 2014, the Group acquired 100% of the issued and paid up capital of Ezion Offshore Logistics Hub Pte Ltd and 90% of the issued and paid up capital of Teras Australia Pty Ltd. Loans amounting to AU$29.8 million from Ezion Holdings Limited ("Ezion") (a substantial shareholder of the Company) to the subsidiaries acquired arose from the acquisition (refer to note 29(g)). As part of the acquisition, Ezion agreed not to call on the outstanding loans with Ezion Offshore Logistics Hub Pte Ltd and Teras Australia Pty Ltd as at the date of acquisition. 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 with repayment due not less than 12 months from the date of acquisition.

(i) Banking facilities

Charges provided by the Group to:

DBS Bank Ltd

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$25m. 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 security collateral held by DBS Bank was previously held by Wingate prior to the refinance in April 2015.

See also the carrying amounts of the assets pledged in Note 18(b).

18 Borrowings (continued)

(c) Loan and overdraft facilities (continued)

Facility covenants

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 and a minimum net worth (net asset) balance for both the Multicurrency Debt Issuance Programme and DBS facilities. As at 30 June 2015 and for the year then ended the Group met all of these financial covenants.

Under the facilities, AusGroup Limited has 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. As at 30 June 2015 the Group met the negative pledge requirements.

(ii) Loan and overdraft interest

The loan facility of Multicurrency Debt Issuance Programme of S$110 million and DBS loan of US$20 million carried an effective interest rate of 7.45% and 4.03% per annum as at 30 June 2015.

(iii) Loans and overdrafts are due as follows:

	Group	
	2015 AU$'000	2014 AU$'000
Within one year	**8,664**	1,637
Between two and five years	**155,959**	17,713
	164,623	19,350

(d) Obligations under finance leases and hire purchase

	Group			
	Minimum Lease Payments 2015 AU$'000	**Present value of Minimum Lease Payments 2015 AU$'000**	Minimum Lease Payments 2014 AU$'000	Present value of Minimum Lease Payments 2014 AU$'000
Within one year	**1,596**	**1,572**	290	279
Between two and five years	**870**	**864**	-	-
	2,466	**2,436**	290	279
Future finance charges	**(30)**	**-**	(11)	-
Amount due for settlement	**2,436**	**2,436**	279	279

It is the Group's policy to lease certain of its plant and equipment under finance leases. For the financial year ended 30 June 2015, the average effective interest rate was 5.5% (2014: 3.9%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the Group's lease obligations approximate their carrying amounts. The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

19 Accruals for other liabilities and charges

	Group	
	2015	2014
	AU$'000	AU$'000
Current		
Annual leave	**6,356**	5,727
Redundancy allowance/rostered day off/sick leave	**5,510**	3,177
Long service leave	**885**	969
Fringe benefit tax payable	**268**	151
	13,019	10,024
Non-current		
Long service leave	**1,449**	1,228

20 Share capital

	Company	
	2015	2014
	AU$'000	AU$'000
Ordinary shares issued and fully paid:		
Beginning of financial year	**99,599**	64,309
Shares issued for acquisition of subsidiaries, net of transaction costs	**28,441**	-
Shares issued for cash net of transaction costs	**-**	35,011
Shares issued under the Company's employee share scheme	**-**	279
End of financial year	**128,040**	99,599

Ordinary shares have no par value. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share at meetings of the Company. The newly issued shares rank pari passu in all respects with the previously issued shares.

The Company announced on 7 November 2014 that the Company has completed the acquisition of 100% of the issued and paid up share capital of Ezion Offshore Logistics Hub Pte Ltd and 90% of the issued and paid up share capital of Teras Australia Pty Ltd. The Company has issued and allotted 92,155,541 new fully paid ordinary shares in the capital of the Company to Ezion Holdings Limited. Following the completion of the acquisition, the total number of the issued shares in the capital of the Company increased from 648,276,475 to 740,432,016.

	Group and Company	
	2015	2014
Number of issued shares:		
Opening balance	**648,276,475**	480,856,136
Acquisition of subsidiaries	**92,155,541**	-
Issuance of shares	**-**	166,100,000
Shares issued under the Company's employee share scheme	**-**	1,320,339
Closing balance	**740,432,016**	648,276,475

21 Other reserves

	Group		Company	
	2015 AU$'000	2014 AU$'000	**2015 AU$'000**	2014 AU$'000
Other reserves:				
Capital reserve	**(163)**	(163)	**(163)**	(163)
Share based payment reserve	**3,114**	886	**3,114**	886
Foreign currency translation reserve	**14,058**	3,528	**20,112**	4,173
	17,009	4,251	**23,063**	4,896
Movements:				
Capital reserve:				
Beginning and end of financial year	**(163)**	(163)	**(163)**	(163)
Share based payment reserve:				
Beginning of financial year	**886**	1,052	**886**	1,052
Option expense net of options exercised (note 28)	**2,049**	22	**2,049**	22
Vested share rights settled through transfer of ordinary share	**-**	(279)	**-**	(279)
Share scheme expense (note 28)	**179**	91	**179**	91
At end of financial year	**3,114**	886	**3,114**	886
Foreign currency translation reserve:				
Beginning of financial year	**3,528**	3,852	**4,173**	5,018
Net currency translation difference of financial statements of foreign subsidiaries	**10,530**	(324)	**15,939**	(845)
At end of financial year	**14,058**	3,528	**20,112**	4,173

Share based payment reserve

(a) Share options

Share options were granted to non-executive directors, key management and employees under the AusGroup Share Option Scheme ("ASOS") which became operative on 15 October 2010.

Since the commencement of the ASOS, no options were granted at a discount to the market price. The options which were granted are exercisable after the first anniversary of the date of grant, but only once they have vested.

Once the options have vested, they are exercisable for a contractual option term of 5 years from the date at which the ASOS became operative. The options may be exercised in full or in part, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Prior to the commencement of the ASOS, share options were granted to key management and employees under the AusGroup Employee Share Option Scheme ("ESOS") which became operative on 23 July 2007, and was superseded by the ASOS.

21 Other reserves (continued)

(a) Share options (continued)

During the period the ESOS was in operation, no options were granted at a discount to the market price. The options which were granted are exercisable up to a maximum of 33% during the period commencing after the first anniversary of the date of grant, up to a maximum of 66% during the period commencing after the second anniversary of the date of grant and up to a maximum of 100% during the period commencing after the third anniversary of the date of grant, and in case of options granted to non-executive directors, before the fifth anniversary of the date of grant and in the case of options granted to other than non-executive directors, before the tenth anniversary of the date of grant.

The options may be exercised in full or in part, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of unissued ordinary shares under option and their exercise prices are as follows:

	No. of ordinary shares under option						
Group and Company	**Beginning of financial year**	**Granted during financial year**	**Forfeited during financial year**	**Exercised during financial year**	**End of financial year**	**Exercise price**	**Exercise period**
2015							
2012 Options (ASOS)	500,000	-	(100,000)	-	400,000	S$0.42	25.09.2013 to 15.10.2015
2012 Options (ASOS)	200,000	-	-	-	200,000	S$0.41	20.02.2013 to 15.10.2015
2011 Options (ASOS)	275,000	-	-	-	275,000	S$0.325	30.11.2012 to 15.10.2015
2009 Option 2 (ESOS)	121,000	-	-	-	121,000	S$0.16	25.02.2010 to 24.02.2019
2009 Options 1 (ESOS)	150,000	-	-	-	150,000	S$0.22	13.10.2009 to 12.10.2018
2008 Options (ESOS)	428,000	-	(5,000)	-	423,000	S$1.64	24.08.2008 to 23.08.2017
	1,674,000	-	(105,000)	-	1,569,000		
Weighted average exercise price (S$)	0.68	0.00	0.48	0.00	0.69		
2014							
2012 Options (ASOS)	700,000	-	(200,000)	-	500,000	S$0.42	25.09.2013 to 15.10.2015
2012 Options (ASOS)	400,000	-	(200,000)	-	200,000	S$0.41	20.02.2013 to 15.10.2015
2011 Options (ASOS)	825,000	-	(550,000)	-	275,000	S$0.325	30.11.2012 to 15.10.2015
2009 Option 2 (ESOS)	121,000	-	-	-	121,000	S$0.16	25.02.2010 to 24.02.2019
2009 Options 1 (ESOS)	550,000	-	(400,000)	-	150,000	S$0.22	13.10.2009 to 12.10.2018
2008 Options (ESOS)	562,000	-	(134,000)	-	428,000	S$1.64	24.08.2008 to 23.08.2017
	3,158,000	-	(1,484,000)	-	1,674,000		
Weighted average exercise price (S$)	0.57	0.00	0.44	0.00	0.68		

Out of the outstanding options at 30 June 2015 of 1,569,000 (2014: 1,674,000) shares, all the options have vested and are exercisable at the balance sheet date.

21 Other reserves (continued)

(b) Options issued to Ezion Holdings Limited ("Ezion"), Captain Larry Johnson and Eng Chiaw Koon

As at 30 June 2014 Captain Larry Glenn Johnson was a director of the Company, and on 10 July 2014 Eng Chiaw Koon was appointed a director of the Company. On 27 June 2014 in accordance with a resolution of shareholders passed on 19 June 2014, 35,000,000 options to acquire ordinary shares in the Company were issued. Captain Larry Glenn Johnson was issued 15,000,000 options, while Eng Chiaw Koon was issued 20,000,000 options, which 12,500,000 were held in trust and was to be issued to identified individual who would assist in the new expanding business activities. Under the terms of the options, one quarter of the options will vest on the first anniversary of the issue of the options and a further quarter each anniversary thereafter until all options have been vested.

Due to the delay in commercialising the new business expanding activities, the 12,500,000 options had not been formally allocated to individuals and have been abandoned.

The options were issued at a strike price of S$0.3675 and expire on 27 June 2019. The fair value of the options issued on 27 June 2014, determined using the Binomial Valuation Model have been calculated at S$0.1888 per option and amounts to S$6.6 million. The significant inputs into the model were share price of S$0.4313 at the grant date, volatility of expected share price returns of 50%, dividend yield of 1.5% and annual risk free rate of 1.13%. The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the last 5 years.

As approved by Shareholders at the Extraordinary General Meeting held on 19 June 2014, the 110,000,000 options issued to Ezion is part of an effort to raise funds for the Group's expansions via the strategic investment by Ezion as a substantial shareholder. Following the issue and allotment of these options on 27 June 2014, the options to Ezion are exercisable from that date. Assuming all of Ezion's options are exercised, the Company will receive additional net cash proceeds of S$40,425,000 that will be used to fund proposed expansion (70-80%) and general working capital (20-30%). The value associated with these options granted to Ezion have not been recognised in these financial statements as the Company has treated the transaction as a capital raising exercise with a shareholder of the Company.

(c) Share scheme

The AusGroup Share Scheme 2010 ("the ASS") for employees of the Group (including any executive director) and/or a subsidiary was approved by shareholders and adopted on 15 October 2010. The ASS is a long term performance incentive scheme which forms an integral part of the Group's incentive compensation program.

The vesting of shares under the scheme is based on the Group meeting certain prescribed earnings per share ("EPS") and/or comparative total shareholder return ("TSR") conditions. Meeting the EPS target allows an employee to a maximum of 60% of the total amount of shares applicable to that period and meeting the TSR target allows for a maximum of 40% of the total amount of shares applicable to that period. Employees become eligible to enter the ASS after the completion of 3 years' service with the company at 30 June of a particular financial year or at the discretion of the board. Once an employee is invited to and accepts the offer under the ASS the employee will only vest in shares under the ASS if the Group meets the prescribed EPS and/or TSR conditions within 5 years of that employee entering the ASS. Some employees met the service condition for entering the ASS in 2008, 2009, 2010, 2011 and 2012. The scheme allows for the vesting of the shares to be cumulative within the 5 year window, should at any point within the 5 years the Group meet the EPS and/or TSR targets the employee is entitled to the cumulative amount of the shares applicable to the element for that particular financial year.

21 Other reserves (continued)

(c) Share scheme (continued)

Group and Company	No. of ordinary shares under rights Beginning of financial year	Granted during financial year	Forfeited during financial year	Vested during financial year	End of financial year
2015					
2009 rights (ASS)	72,811	-	(12,391)	-	60,420
2010 rights (ASS)	164,226	-	(2,158)	-	162,068
2011 rights (ASS)	1,846,936	-	(266,826)	-	1,580,110
2012 rights (ASS)	477,500	-	(21,940)	-	455,560
	2,561,473	**-**	**(303,315)**	**-**	**2,258,158**
2014					
2008 rights (ASS)	2,437,850	-	(1,241,797)	(1,196,053)	-
2009 rights (ASS)	105,926	-	(6,807)	(26,308)	72,811
2010 rights (ASS)	219,900	-	(34,148)	(21,526)	164,226
2011 rights (ASS)	2,077,500	-	(154,112)	(76,452)	1,846,936
2012 rights (ASS)	1,790,000	-	(1,312,500)	-	477,500
	6,631,176	-	(2,749,364)	(1,320,339)	2,561,473

The number of unissued ordinary shares of the company in relation to the scheme outstanding at the end of the financial year was 2,258,158 (30 June 2014: 2,561,473).

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 2015 and hence no ordinary shares are expected to be issued under employee share scheme.

22 Revenue from operations

	Group **2015** **AU$'000**	 2014 AU$'000
Contract revenue	**330,798**	241,372
Sale of goods	**50,247**	42,496
Hire revenue	**30,963**	18,579
Port & Marine Services	**15,404**	-
	427,412	302,447

23 Other operating income

	Group	
	2015 AU$'000	2014 AU$'000
Interest income	**877**	742
Profit on sale of property, plant and equipment	**1,575**	4,202
Profit realised on asset held for sale	**-**	14,760
Net foreign exchange income / (loss)	**574**	(588)
Other income	**674**	2,241
	3,700	21,357

24 Expenses by nature

Profit/(loss) from operations has been determined after charging:

	Group	
	2015 AU$'000	2014 AU$'000
Included in cost of sales:		
- Materials	**17,524**	20,467
- Subcontract works	**29,467**	45,998
Depreciation of property, plant and equipment:		
- Included in cost of sales	**8,640**	9,024
- Included in administrative expenses	**1,108**	1,582
	9,748	10,606
Amortisation of other intangible assets		
- included in cost of sales	**491**	485
- included in administrative expenses	**1,792**	3,190
	2,283	3,675
Employee compensation (note 28)	**316,866**	235
ASX listing expenses	**-**	1,925
Operating lease payments (note 30(b)(ii))	**20,036**	7,519
Research and development tax credits offset against qualifying expenditure	**(33,797)**	(3,420)
Audit fees:		
Auditor of the Company	**140**	147
Other auditors*	**315**	283
Non-audit fees:		
Auditor of the Company	**93**	18
Other auditors*	**834**	777

24 Expenses by nature (continued)

* Relates to work performed by another member firm of the PwC network of which PricewaterhouseCoopers LLP, Singapore is a member.

* Included in the non-audit fee, PricewaterhouseCoopers Australia has performed a tax consultancy service in relation to AGC Australia Pty Ltd (a subsidiary of the Group) 2013 and 2014 lodgement.

25 Finance costs

	Group	
	2015 AU$'000	2014 AU$'000
Interest expense and bank fees on:		
Bank loans interest	**6,617**	1,846
Bank fees	**683**	917
Bank guarantee fees	**148**	463
Finance leases and hire purchase	**12**	88
Hedging costs	**-**	2
Unwinding of earn-out payable	**16**	126
	7,476	3,442

26 Income tax expense

	Group	
	2015 AU$'000	2014 AU$'000
Income tax expense / (benefit):		
Current tax	**4,975**	1,469
Deferred tax	**(1,695)**	(12,850)
Over provision of current tax in prior periods	**(1,735)**	-
	1,545	(11,381)
Deferred income tax expense/(benefit) included in income tax expense/(benefit) comprises:		
Increase in deferred tax assets	**(2,548)**	(12,733)
Increase/(decrease) in deferred tax liabilities	**853**	(117)
	(1,695)	(12,850)

26 Income tax expense (continued)

	Group	
Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable:	**2015 AU$'000**	2014 AU$'000
Profit/(loss) before taxation	**7,755**	(23,252)
Reconciliation:		
Tax calculated at domestic tax rates applicable to profits in the respective countries	**2,046**	(8,912)
Tax effect of non-assessable items	**(10,242)**	(3,442)
Tax effect of non-deductible items	**2,457**	973
Non-recoverable withholding tax credits	**451**	-
Over provision of current tax in prior periods	**(1,735)**	-
Derecognition of tax credits in relation to prior year tax losses resulting from preparation and lodgement of research and development claims	**8,568**	-
Taxation expense/(benefit)	**1,545**	(11,381)

27 Earnings per share

The calculation of basic earnings per ordinary share is based on the Group's net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares outstanding during the financial year as follows:

	2015 Number of shares	2014 Number of shares
Issued and paid-up ordinary shares as at 30 June	**740,432,016**	648,276,475

	2015 AU$'000	2014 AU$'000
Profit/(loss) attributable to equity holders of the Company	**6,174**	(11,871)

(a) Basic earnings per share

	2015 Number of shares	2014 Number of shares
Weighted average number of ordinary shares on issue	**707,609,495**	523,917,185

	2015 Cents	2014 Cents
Basic earnings/(loss) per share (AU$ cents per share)	**0.9**	(2.3)

27 Earnings per share (continued)

(b) Diluted earnings per share

	2015 Number of shares	2014 Number of shares
Weighted average number of ordinary shares on issue	**707,609,495**	523,917,185
Adjustments for calculation of diluted earnings per share:		
Share options	**103,998**	-
Share rights	**2,258,158**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**709,971,651**	523,917,185

	2015 Cents	2014 Cents
Diluted earnings/(loss) per share (AU$ cents per share)	**0.9**	(2.3)

For the financial year ended 30 June 2014, options granted to employees are considered to be potential ordinary shares and have been excluded in the determination of diluted earnings per share for 2014 because they are anti-dilutive. The options have not been included in the determination of basic earnings per share.

28 Employee compensation

	Group	
	2015 AU$'000	2014 AU$'000
Salaries and other short-term employee benefits	**293,849**	212,649
Employer's contribution to defined contribution plans including superannuation and Central Provident Fund	**13,493**	10,796
Employee share option scheme expense	**2,049**	22
Employee share scheme expense	**179**	91
Termination benefits	**7,296**	11,572
	316,866	235,130

Included in the employee compensation cost is an amount of AU$2.0 million (2014: nil) in relation to restructuring cost.

29 Related party transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Group's transactions and arrangements were with related parties and the effect of those, on the basis determined between the parties, is reflected in the consolidated financial statements.

(a) Sale of services

	Group	
	2015 AU$'000	2014 AU$'000
Sale of service to Ezion Offshore Logistics Hub (Tiwi) Pty Ltd ("EOLH") - a subsidiary of substantial shareholder of the Company (1)	**-**	111

(1) EOLH is a 100% owned subsidiary as a result of acquisition (refer note 31)

(b) Purchases of goods and services

	Group	
	30 June 2015 AU$'000	30 June 2014 AU$'000
Purchases of material from Australasian Insulation Pty Ltd ("AIS") an entity related to a director of the Company, Barry Alfred Carson (2)	**168**	151
Purchase of services from Murcia Pestell Hillard Pty Ltd ("MPH"), Digrevni Investment Pty Ltd and Artemis Corporate Pty Ltd ("Artemis") entities related to a director of the Company, Grant Anthony Pestell (1) (2)	**109**	420
Purchases of various services from entities controlled by Ezion Holdings Limited ("Ezion") a substantial shareholder of the Company that has a significant influence over the Company (3)	**11,430**	-

29 Related party transactions (continued)

(b) Purchases of goods and services (continued)

(1) Grant Anthony Pestell ceased to be a director on 21 October 2014, the amount represents the transactions up to the date of his resignation.

(2) The transactions are done under commercial terms that reflect transactions done at arm's length.

(3) The transactions are done in line with the IPT mandate as approved by shareholders.

(c) Acquisition of business

On 7 November 2014, the Group acquired 100% of the issued and paid up share capital of Ezion Offshore Logistics Hub Pte Ltd and 90% of the issued and paid up share capital of Teras Australia Pty Ltd. In accordance with the approved sale and purchase agreement, the Group issued a total of 92,155,541 ordinary shares in the Company and paid S$14.0 million in cash. Please refer to note 31 for further details.

(d) Key management personnel

		Group
	2015	2014
	AU$'000	AU$'000
Salaries and other short-term employee benefits	**4,356**	4,524
Termination benefits	**66**	273
Employer's contribution to defined contribution plans including superannuation and Central Provident Fund	**157**	225
Employee share option scheme expense	**2,049**	22
	6,628	5,044

Included in the above is total compensation to executive directors and non-executive directors of the Company of AU$3.7 million (2014: AU$ 1.7 million).

(e) Outstanding balances arising from sales / purchases of goods and services in relation to transactions with related parties

	Group	
	2015	2014
	AU$'000	AU$'000
Current payable relating to supply of materials from AIS	**(110)**	(236)
Current payable relating to services received from MPH and Artemis (1)	**-**	(105)
Current receivable relating to services provided to EOLH (2)	**-**	111
Current payable relating to service received from entities controlled by Ezion	**(11,832)**	-

(1) Refer to note 29(b)(1)

(2) Refer to note 29(a)(1)

29 Related party transactions (continued)

(f) Advances (from) / to subsidiaries

	Company	
	2015 **AU$'000**	2014 AU$'000
AusGroup Singapore Pte. Ltd	**(7,171)**	(2,952)
Modern Access Services Singapore Pte. Ltd	**(2,569)**	775
AGC Australia Pty Ltd	**71,985**	26,213
Ezion Offshore Logistics Hub Pte Ltd	**90,916**	-
Teras Australia Pty Ltd	**8,542**	-
	161,703	24,036

(g) Loans from related party

	Group	
	2015 **AU$'000**	2014 AU$'000
Beginning of the year	**-**	-
Loan arising on the acquisition of subsidiaries	**29,841**	-
Interest charged	**1,688**	-
Currency translation differences	**3,417**	-
End of the year	**34,946**	-

The Group has a loan with Ezion Holdings Limited, a substantial shareholder of the Company which is denominated in United States Dollars. The amount outstanding as at 30 June 2015 in United States Dollars was US$26.8 million.

30 Commitments and contingent liabilities

(a) Capital commitments

Capital expenditure contracted for at the reporting date (within one year) but not recognised as liabilities is as follows:

	Group	
	2015 **AU$'000**	2014 AU$'000
Property, plant and equipment / Intangible assets	**2,811**	2,244

30 Commitments and contingent liabilities (continued)

(b) Operating lease commitments - Group as lessee

The Group leases various properties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Group also leases various plant and machinery under cancellable operating lease agreements. The lease expenditure charged to the profit and loss during the financial year is disclosed in Note 24.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

(i) Future minimum lease payments

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

	Group	
	2015 AU$'000	2014 AU$'000
Within one year	**19,929**	8,404
Later than one year but not later than five years	**42,564**	29,237
Later than five years	**21,499**	22,889
	83,992	60,530

(ii) Amounts recognised in profit or loss

	2015 AU$'000	2014 AU$'000
Total rental expense relating to operating leases	**20,036**	7,519

(c) Operating lease commitments - where the Group is a lessor

The Group received fixed monthly fee for lease out of port area facility and staging area for wood chips pending shipment.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2015 AU$'000	2014 AU$'000
Within one year	**8,010**	-
Later than one year but not later than five years	**1,891**	-
	9,901	-

(d) Bank guarantees

Bank guarantees to a total of AU$50.8 million (2014: AU$32.4 million) and surety bonds to a total of AU$18.3 million (2014: AU$6.8 million) have been issued on behalf of the Group by banks to secure contractual performance obligations.

31 Business combination

On 7 November 2014 the Group had acquired 100% of the issued and paid up share capital of Ezion Offshore Logistics Hub Pte Ltd (EOLH) and 90% of the issued and paid up share capital of Teras Australia Pty Ltd (Teras). The principal activity of EOLH and Teras is that of a marine supply base. As a result of the acquisition, the Group is expected to expand into the business of the provision of onshore and off-shore marine services, including but not limited to, marine logistics and related support services in Australia.

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	AU$'000
Cash on date of acquisition	12,578
Shares in the Company[1]	28,562
	41,140

[1] A total of 92,155,541 ordinary shares of the Company were issued. The fair value of the shares was determined based on the closing share price on 7 November 2014 of SGD$0.3450 per share. This transaction represents non-cash investing activity of the Group for the year.

(b) Effect on cash flows of the Group

	2015 AU$'000
Effect on cash flows of the Group	
Cash paid (as above)	12,578
Less: cash and cash equivalents in subsidiary acquired	(390)
Cash outflow on acquisition	12,188

(c) Identifiable assets acquired and liabilities assumed

Group	**At fair value[1] AU$'000**
Cash and cash equivalents	390
Receivables	3,084
Property, plant and equipment	58,543
Investments in subsidiaries and associates	7
Intangible assets	77,104
Total assets	139,128
Payables	(12,610)
Current income tax liability	(26)
Borrowings	(62,653)
Deferred tax liability	(23,131)
Total liabilities	98,420
Total identifiable net assets	40,708
Non-controlling interest @ 10%	432
Consideration transferred for the business	**41,140**

[1] As at acquisition (7 November 2014)

31 Business combination (continued)

(d) Acquisition related costs

Acquisition related costs of AU$0.2 million are included in administration expenses in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Fair values

The fair value of acquired identifiable intangible assets of AU$77.1 million (being the right to operate the Port Melville operations has been valued by independent valuers.

(f) Revenue and profit contribution

The acquired business contributed revenue of AU$15.4 million and a net loss of AU$3.8 million to the Group for the period from 7 November 2014 to 30 June 2015.

Had EOLH and Teras been consolidated from 1 July 2014 to 30 June 2015, the Group's revenue and profit after tax for the year ended 30 June 2015 would have been approximately AU$435.1 million and AU$5.6 million respectively. These amounts are calculated as follows:

	Revenue AU$'000	**Profit after tax AU$'000**
As per statement of comprehensive income	427,412	6,210
Results excluding EOLH and Teras	412,008	9,974
Pro-forma full year results of EOLH and Teras	23,076	(4,395)
Pro-forma group results with EOLH and Teras included for 12 months	435,084	5,579

32 Segment information

Description of segments

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee has been identified as the chief operating decision maker and comprises the Chief Executive Officer, the Chief Financial Officer, Executive General Managers (Operations, Projects and Group Services) and Group Managers (People Capital, HSSQ, Strategy and Development).

The Executive Committee considers the business from both a business segment and geographic perspective. Geographically, management manages and monitors the business in the three primary geographic areas: Australia, Singapore and Thailand. Geographic locations provide a range of products and services through fabrication, construction, maintenance services and marine services. Inter-segment revenues transactions are performed on an arms-length basis and eliminated on consolidation. Other services included within the Group are investment holdings and the provision of support services.

The results of these operations are included in the "corporate / unallocated" column. The Executive Committee assesses the performance of the operating segment based on a measure of earnings before interest, tax, depreciation, amortisation and impairment ("adjusted EBITDA and impairment"). However, the Executive Committee also receives information about the segments' revenue and assets on a monthly basis.

The following summary describes the operations of each reportable segment.

32 Segment information (continued)

Description of segments (continued)

Reportable segments	Operations
Projects	Provides SMP (structural, mechanical, piping), scaffolding and PIF (painting, insulation, fireproofing) services in line with the Group's strategic focus to supply clients with integrated construction services on major projects.
Fabrication and manufacturing	Provides turnkey solutions to the oil and gas sector through all phases of the asset lifecycle from exploration, construction, commissioning, and operation through to maintenance and repair, and decommissioning.
Maintenance Services	Provides preventative and breakdown maintenance services as well as shut down services and sustaining capital works.
Port & Marine Services	Provides a full range of support services to the offshore oil and gas and military industries through the provision of marine services including door to door transport of high, wide and heavy cargoes to remote, undeveloped and environmentally sensitive locations. This segment was established following the acquisition of Ezion Offshore Logistics Hub Pte Ltd and Teras Australia Pty Ltd in November 2014.

(a) Segment information provided to the Executive Committee for the reportable segments for the year ended 30 June is as follows:

Group 2015	Projects** AU$'000	Fabrication & Manu-facturing** AU$'000	Maintenance Services** AU$'000	Port & Marine Services AU$'000	Corporate/ Unallocated AU$'000	Elimination AU$'000	Total AU$'000
TOTAL REVENUE							
Revenue from external customers	182,033	86,642	143,333	15,404	-	-	**427,412**
Inter-segment revenue	47,140	-	-	-	-	(47,140)	**-**
Revenue	**229,173**	**86,642**	**143,333**	**15,404**	**-**	**(47,140)**	**427,412**
RESULTS							
Adjusted EBITDA	27,567	(10,722)	2,501	(2,436)	13,472	-	**30,382**
Depreciation and amortisation	(5,831)	(3,058)	(110)	(354)	(2,678)	-	**(12,031)**
Interest income	963	329	-	3,665	16,960	(21,040)	**877**
Interest expense	(504)	(5,705)	(1,204)	(4,204)	(16,899)	21,040	**(7,476)**
Impairment losses	-	(3,997)	-	-	-	-	**(3,997)**
Profit / (Loss) before tax	22,195	(23,153)	1,187	(3,329)	10,855	-	**7,755**
ASSETS							
Total segment assets	**128,917**	**81,874**	**43,876**	**225,221**	**63,148**	**-**	**543,036**
Additions to non-current assets (other than financial assets and deferred tax)	**9,343**	**3,248**	**85**	**188,537**	**3,835**	**-**	**205,048**
LIABILITIES							
Total segment liabilities	**62,031**	**12,808**	**14,616**	**56,139**	**156,011**	**-**	**301,605**

32 Segment information (continued)

(a) Segment information provided to the Executive Committee for the reportable segments for the year ended 30 June is as follows: (continued)

Group 2014	Projects** (Restated)*	Fabrication & Manu-facturing**	Maintenance Services** (Restated)*	Corporate/ Unallocated	Elimination	Total
	AU$'000	AU$'000	AU$'000	AU$'000	AU$'000	AU$'000
TOTAL REVENUE						
Revenue from external customers	115,621	129,578	57,248	-	-	302,447
Inter-segment revenue	6,296	-	4,434	-	(10,730)	-
Revenue	121,917	129,578	61,682	-	(10,730)	302,447
RESULTS						
Adjusted EBITDA	(8,741)	(6,617)	(1,148)	10,235	-	(6,271)
Depreciation and amortisation	(6,465)	(2,870)	(99)	(4,847)	-	(14,281)
Interest income	883	94	-	11,910	(12,145)	742
Interest expense	(1,227)	(3,344)	(34)	(10,982)	12,145	(3,442)
Profit / (Loss) before tax	(15,550)	(12,737)	(1,281)	6,316	-	(23,252)
ASSETS						
Total segment assets	111,941	94,786	26,276	66,668	-	299,671
Investments in associates and joint venture partnership	117	-	-	-	-	117
Additions to non-current assets (other than financial assets and deferred tax)	1,434	2,318	39	1,627	-	5,418
LIABILITIES						
Total segment liabilities	23,795	18,530	7,687	55,162	-	105,174

*As a result of Group's re-structure, the Group has changed the composition of its reportable segments. Accordingly, the Group has restated the operating segment information for year ended 30 June 2014.

**Combined as engineering services.

The Group's wholly-owned Australian entities have implemented the tax consolidation legislation. As a consequence, the entities are taxed as a single entity and deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. The deferred tax assets and liabilities relate to the tax consolidated group as a whole and are not treated as assets and liabilities belonging to the individual segments but as unallocated assets and liabilities.

32 Segment information (continued)

(b) Segment assets for reportable segments

The amounts provided to the Executive Committee with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Executive Committee monitors the property, plant and equipment, intangible assets, inventories and receivables attributable to each segment.

Reportable segments' assets are reconciled to total assets as follows:

	Group	
	2015 AU$'000	2014 AU$'000 (Restated)***
Segment assets for reportable segments	**479,888**	233,003
Cash and cash equivalents (refer to Note 6)	**32,836**	35,901
Other receivables and prepayments	**1,559**	3,626
Property, plant and equipment	**3,868**	1,568
Intangible assets	**7,513**	7,498
Deferred tax assets and tax recoverable	**17,372**	18,075
	543,036	299,671

*** See note 4 for details regarding the restatement as a result of an error.

(c) Segment liabilities for reportable segments

The amounts provided to the Executive Committee with respect to total liabilities are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Executive Committee monitors the trade payables, other payables, borrowings and accruals attributable to each segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	Group	
	2015 AU$'000	2014 AU$'000
Segment liabilities for reportable segments	**145,594**	50,012
Bank overdrafts	**6,156**	-
Trade payables	**4,565**	5,017
Other payables	**11,936**	22,793
Borrowings	**124,588**	19,629
Accruals for other liabilities and charges	**4,511**	3,863
Deferred tax liabilities and current tax payable (including set off of deferred tax pursuant to set-off provisions)	**4,255**	3,860
	301,605	105,174

32 Segment information (continued)

(d) Other segment information

	Revenue AU$'000	%	Segment assets AU$'000	%	Non-current assets (Exclude deferred tax assets) AU$'000	%
2015						
Australia	**354,518**	**82.9%**	**476,130**	**87.7%**	**263,954**	**91.1%**
Singapore	**44,875**	**10.5%**	**56,179**	**10.3%**	**25,633**	**8.8%**
Thailand	**28,019**	**6.6%**	**10,727**	**2.0%**	**87**	**-%**
Total	**427,412**	**100.0%**	**543,036**	**100.0%**	**289,674**	**100.0%**
2014						
Australia	248,120	82.0%	230,475	77.0%	62,464	72.0%
Singapore	40,703	13.5%	63,649	21.1%	24,169	28.0%
Thailand	13,624	4.5%	5,547	1.8%	70	-%
Total	302,447	100.0%	299,671	100.0%	86,703	100.0%

33 Events occurring after the reporting period

On 7 July 2015, DBS Bank approved the request for the partial release of the fixed deposit totalling AU$15.0 million from the existing fixed deposit of AU$25.0 million pledged to DBS Bank to secure the existing borrowing facilities accorded to the Group.

On 18 September 2015, the Group entered into a short term loan with DBS Bank for AU$23 million. The loan is repayable by March 2016.

Refer to Note 18 for additional information relating to borrowings.

Shareholdings Statistics as at 16 September 2015

Class of Equity Security : Ordinary shares
Voting rights : On a show of hands : one vote for each member
On a poll : one vote for each ordinary share

Analysis Of Shareholdings

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	9	0.11	197	0.00
100 – 1,000	136	1.73	130,479	0.02
1,001 - 10,000	3,175	40.44	23,269,164	3.14
10,001 - 1,000,000	4,499	57.30	268,536,713	36.27
1,000,001 and above	33	0.42	448,495,463	60.57
	7,852	**100.00**	**740,432,016**	**100.00**

Top 20 Shareholders

No.	Name of Shareholders	No. of Shares	%
1	Ezion Holdings Limited	132,055,541	**17.83**
2	Raffles Nominees (Pte) Ltd	54,457,321	**7.35**
3	DBS Nominees Pte Ltd	46,105,505	**6.23**
4	Maybank Kim Eng Securities Pte Ltd	32,672,060	**4.41**
5	Citibank Nominee Singapore Pte Ltd	22,345,319	**3.02**
6	Phillip Securities Pte Ltd	20,809,600	**2.81**
7	Barry Alfred Carson And Jennifer Margaret Carson	20,651,518	**2.79**
8	Emerald River Pty Ltd	12,908,896	**1.74**
9	OCBC Securities Private Ltd	11,117,500	**1.50**
10	United Overseas Bank Nominees Pte Ltd	10,111,900	**1.37**
11	HSBC (Singapore) Nominees Pte Ltd	9,939,500	**1.34**
12	DB Nominees (S) Pte Ltd	8,541,500	**1.15**
13	UOB Kay Hian Pte Ltd	7,560,000	**1.02**
14	Bank of Singapore Nominees Pte Ltd	6,901,900	**0.93**
15	HL Bank Nominees (S) Pte Ltd	6,115,100	**0.83**
16	DBS Vickers Securities (S) Pte Ltd	5,948,100	**0.80**
17	CIMB Securities (S) Pte Ltd	4,757,403	**0.64**
18	BNP Paribas Securities Services	4,723,000	**0.64**
19	Lee Sau Leng	4,000,000	**0.54**
20	OCBC Nominees Singapore Pte Ltd	3,980,400	**0.54**
		425,702,063	**57.48**

Shareholdings Statistics
as at 16 September 2015 (continued)

Shareholdings Held in Hands of Public

Based on information available to the Company and to the best knowledge of the Company as at 16 September 2015, approximately 73% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

There are no treasury shares held in the issued capital of the Company.

Substantial Shareholders As At 16 September 2015

	Direct Interest		Deemed Interest	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Ezion Holdings Limited	132,055,541	17.83	-	-
Wang Yu Huei	37,500,000[1]	5.06	-	-

(1) The shares are registered in the name of nominees.

Corporate Information

Board of Directors

Stuart Maxwell Kenny
Executive Director and Chairman

Gerard Patrick Hutchinson
Executive Director, Managing Director and
Chief Executive Officer - Engineering Services

Captain Larry Glenn Johnson
Executive Director and Chief Executive Officer -
Port and Marine Services

Eng Chiaw Koon
Executive Director

Barry Alfred Carson
Non-Independent Non-Executive Director

Damien Marian O'Reilly
Independent Non-Executive Director

Ooi Chee Kar
Independent Non-Executive Director

Wu Yu Liang
Independent Non-Executive Director

Chew Heng Ching
Independent Non-Executive Director

Audit Committee

Ooi Chee Kar (Chairman)
Wu Yu Liang
Chew Heng Ching

Nominating Committee

Chew Heng Ching (Chairman)
Ooi Chee Kar
Barry Alfred Carson

Remuneration and Human Capital Committee

Barry Alfred Carson (Chairman)
Wu Yu Liang
Damien Marian O'Reilly

Health, Safety & Sustainability Committee

Damien Marian O'Reilly (Chairman)
Captain Larry Glenn Johnson

Company Secretaries

Chan Chow Pheng Grace
Lim Bee Eng Corine

Registered Office

36 Tuas Road, Singapore 638505
T +65 6862 5233
F +65 6862 5211
E info@agc-ausgroup.com

Share Registrar and Share Transfer Office

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Company Registration Number

200413014R

Website

www.agc-ausgroup.com

Principal Place of Business

Level 1, 18-32 Parliament Place
West Perth Western Australia 6005
Australia
T +61 8 6210 4500
F +61 8 6210 4501
E info@agc-ausgroup.com

Auditors

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner-in-Charge: Peter Low Eng Huat
Date of Appointment: 21 October 2014

Internal Auditors

Deloitte Touche Tohmatsu
Level 14, Woodside Plaza
240 St Georges Terrace
Perth Western Australia 6000
Australia

Solicitors

Rajah & Tann
9 Battery Road
#25-01 Straits Trading Building
Singapore 049910

Stamford Law Corporation
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

Bankers

DBS Bank Ltd
12 Marina Boulevard
Level 46
DBS Asia Central @ Marina Bay Financial Centre
Tower 3
Singapore 018982

AusGroup Limited

Level 1, 18-32 Parliament Place
West Perth 6005
Western Australia

T +61 8 6210 4500
F +61 8 6210 4501

www.agc-ausgroup.com