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**TABLE OF CONTENTS**

<b>Item No</b>	<b>Description</b>
	<b>FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT</b>
1(a)(i)	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
1(a)(ii)	NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
1(b)(i)	BALANCE SHEET
1(b)(ii)	BORROWINGS AND DEBT SECURITIES
1(c)	CONSOLIDATED STATEMENT OF CASH FLOWS
1(d)(i)	STATEMENT OF CHANGES IN EQUITY
1(d)(ii), (iii), (iv)	DETAILS OF CHANGES IN SHARE CAPITAL
2	AUDIT
3	AUDITORS' REPORT
4	ACCOUNTING POLICIES
5	CHANGES IN ACCOUNTING POLICIES
6	EARNINGS PER SHARE
7	NET ASSET VALUE
8	REVIEW OF GROUP PERFORMANCE
9	VARIANCE AGAINST PROSPECT STATEMENT
10	PROSPECTS
11/12	DIVIDEND
13	IPT MANDATE
14	SEGMENT REPORT
15	REVIEW OF SEGMENT PERFORMANCE
16	SALES BREAKDOWN
17	DIVIDEND BREAKDOWN
18	PERSON OCCUPYING MANAGERIAL POSITION

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

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

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

	GROUP		+/(-)	GROUP		+/(-)
	4Q 2016	4Q 2015	%	FY 2016	FY 2015	%
	AU\$'000	AU\$'000		AU\$'000	AU\$'000	
Revenue	103,401	90,602	14.1	481,788	427,412	12.7
Cost of sales	(99,324)	(69,798)	42.3	(458,504)	(368,060)	24.6
<b>Gross profit</b>	<b>4,077</b>	<b>20,804</b>	<b>(80.4)</b>	<b>23,284</b>	<b>59,352</b>	<b>(60.8)</b>
<b>Gross margin</b>	<b>3.9%</b>	<b>23.0%</b>		<b>4.8%</b>	<b>13.9%</b>	
Other operating income	2,058	1,017	102.4	3,548	3,700	(4.1)
Other operating costs	(13,734)	(8,011)	71.4	(40,012)	(21,728)	84.1
Impairment of receivables	(1,920)	-	N.M.	(48,388)	(328)	N.M.
Impairment of property, plant and equipment	(44,997)	-	N.M.	(52,323)	(200)	N.M.
Impairment of intangible assets	(28,790)	(277)	N.M.	(29,087)	(277)	N.M.
Impairment of other assets	-	-	N.M.	(5,054)	-	N.M.
Impairment of goodwill	-	(3,520)	(100.0)	(2,535)	(3,520)	(28.0)
Administrative expenses	(8,813)	(4,591)	92.0	(22,393)	(19,852)	12.8
Marketing and distribution expenses	(558)	(489)	14.1	(2,756)	(1,916)	43.8
<b>(Loss)/profit from operations</b>	<b>(92,677)</b>	<b>4,933</b>	<b>N.M.</b>	<b>(175,716)</b>	<b>15,231</b>	<b>N.M.</b>
Finance costs	(5,397)	(3,498)	54.3	(15,783)	(7,476)	111.1
<b>(Loss)/profit before income tax</b>	<b>(98,074)</b>	<b>1,435</b>	<b>N.M.</b>	<b>(191,499)</b>	<b>7,755</b>	<b>N.M.</b>
Income tax expense	(1,635)	(1,174)	39.3	(1,668)	(1,545)	8.0
<b>Net (loss)/profit for the period / year attributable to equity holders of the company</b>	<b>(99,709)</b>	<b>261</b>	<b>N.M.</b>	<b>(193,167)</b>	<b>6,210</b>	<b>N.M.</b>
<b>Net (loss)/profit %</b>	<b>-96.4%</b>	<b>0.3%</b>		<b>-40.1%</b>	<b>1.5%</b>	
<b><u>(Loss)/profit attributable to:</u></b>						
Owners of the Company	(99,504)	266		(192,670)	6,174	
Non-controlling interest	(205)	(5)		(497)	36	
	<b>(99,709)</b>	<b>261</b>		<b>(193,167)</b>	<b>6,210</b>	
(Loss)/earnings per ordinary share (cents)						
- basic	(13.5)	0.0		(26.1)	0.9	
- diluted	-*	0.0		-*	0.9	

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

N.M. - not meaningful

(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	GROUP		+ / (-) %	GROUP		+ / (-) %
	4Q 2016 AU\$'000	4Q 2015 AU\$'000		FY 2016 AU\$'000	FY 2015 AU\$'000	
(Loss) / profit for the period / year	(99,709)	261	N.M.	(193,167)	6,210	N.M.
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation	1,845	5,846	(68.4)	1,343	10,487	(87.2)
Other comprehensive income for the period / year	1,845	5,846	(68.4)	1,343	10,487	(87.2)
<b>Total comprehensive (loss) / income attributable to equity holders of the company</b>	<b>(97,864)</b>	<b>6,107</b>	N.M.	<b>(191,824)</b>	<b>16,697</b>	N.M.
<b>Total comprehensive (loss) / income attributable to:</b>						
Owners of the Company	(97,634)	6,163	N.M.	(191,319)	16,704	N.M.
Non-controlling interest	(230)	(56)	N.M.	(505)	(7)	N.M.
	(97,864)	6,107	N.M.	(191,824)	16,697	N.M.

(ii) NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

A. (LOSS)/PROFIT FROM OPERATIONS

The following items have been included in determining the (loss)/profit from operations:

	GROUP			GROUP		
	4Q 2016 AU\$'000	4Q 2015 AU\$'000	+ / (-) %	FY 2016 AU\$'000	FY 2015 AU\$'000	+ / (-) %
<b>Other operating income</b>						
Interest income	155	207	(25.3)	561	877	(36.0)
Profit on sale of property, plant and equipment	1,121	520	115.6	2,041	1,574	29.7
Other income	302	111	171.8	1,416	675	109.8
Foreign exchange gain / (loss)	480	179	168.4	(470)	574	(181.9)
<b>Total other operating income</b>	<b>2,058</b>	<b>1,017</b>	<b>102.4</b>	<b>3,548</b>	<b>3,700</b>	<b>(4.1)</b>
<b>Depreciation and Amortisation</b>						
Depreciation of property, plant & equipment						
Depreciation of property, plant & equipment included in cost of sales	2,533	2,373	6.8	9,997	8,640	15.7
Amortisation of intangible assets included in cost of sales	58	35	66.8	240	491	(51.1)
Depreciation of property, plant & equipment included in administrative expenses	1,143	430	165.9	4,036	1,108	264.3
Amortisation of intangible assets included in administrative expenses	1,248	75	N.M.	3,435	1,792	91.7
	4,982	2,913	71.0	17,708	12,031	47.2



**A. (LOSS)/PROFIT FROM OPERATIONS (continued)**

	GROUP			GROUP		
	4Q 2016 AU\$'000	4Q 2015 AU\$'000	+ /(-) %	FY 2016 AU\$'000	FY 2015 AU\$'000	+ /(-) %
Employee share and share option scheme expense	417	2,011	(79.3)	1,281	2,228	(42.5)
Research and development tax credits	-	(21,834)	(100.0)	13,723	(33,797)	(140.6)
Restructuring and transformation costs	1,376	892	54.2	4,806	2,029	136.8
Onerous contract expense	8,158	-	N.M.	8,158	-	N.M.

**B. FINANCE COSTS**

	GROUP			GROUP		
	4Q 2016 AU\$'000	4Q 2015 AU\$'000	+ /(-) %	FY 2016 AU\$'000	FY 2015 AU\$'000	+ /(-) %
Loans	5,434	3,430	58.4	15,558	7,300	113.1
Bank guarantee fees	(38)	62	(161.3)	216	148	45.9
Unwinding of earn out payable	-	3	(100.0)	2	16	(87.5)
Finance leases and hire purchase	1	3	(66.7)	7	12	(41.7)
<b>Total finance costs</b>	<b>5,397</b>	<b>3,498</b>	<b>54.3</b>	<b>15,783</b>	<b>7,476</b>	<b>111.1</b>

**C. INCOME TAX EXPENSE**

	GROUP			GROUP		
	4Q 2016 AU\$'000	4Q 2015 AU\$'000	+ /(-) %	FY 2016 AU\$'000	FY 2015 AU\$'000	+ /(-) %
(Loss)/profit before income tax	(98,074)	1,435	N.M.	(191,499)	7,755	N.M.
Prima facie taxation calculated at applicable rate on profit/(loss) before income tax	25,012	(202)	N.M.	52,689	(2,046)	N.M.
Tax effect of non-assessable / (non-deductible items)	(5,620)	9,900	(157)	(7,039)	7,784	(190.4)
Research and development tax incentives	-	5,115	(100.0)	(4,117)	8,704	(147.3)
Over / (under) provision of :						
- current tax in prior periods / years	-	(5,613)	N.M.	-	(5,613)	N.M.
- deferred tax in prior periods / years	-	(10,374)	N.M.	-	(10,374)	N.M.
Income tax benefit / (expense)	19,392	(1,174)	N.M.	41,533	(1,545)	N.M.
Potential tax benefit of losses for which no deferred tax asset has been recognised	(21,027)	-		(43,201)	-	
<b>Total income tax expense</b>	<b>(1,635)</b>	<b>(1,174)</b>	<b>39.3</b>	<b>(1,668)</b>	<b>(1,545)</b>	<b>8.0</b>
Income tax expense percentage (%)	-1.7%	81.8%		-0.9%	-19.9%	

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

	Group As at 30/06/2016 AU\$'000	Group As at 30/06/2015 AU\$'000	Company As at 30/06/2016 AU\$'000	Company As at 30/06/2015 AU\$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	22,095	38,647	16	-
Trade receivables	133,379	177,609	-	-
Other receivables and prepayments	14,998	11,878	6,613	626
Inventories	6,759	7,856	-	-
Due from subsidiaries	-	-	-	12,789
Other assets	-	-	-	-
<b>Total current assets</b>	<b>177,231</b>	<b>235,990</b>	<b>6,629</b>	<b>13,415</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	134,905	181,642	-	-
Goodwill	10,994	13,530	-	-
Intangible assets	65,217	94,500	-	-
Other receivables and prepayments	2	2	-	-
Due from subsidiaries	-	-	86,830	148,914
Other assets	-	-	98,503	114,212
Deferred income tax assets	-	17,372	-	-
<b>Total non-current assets</b>	<b>211,118</b>	<b>307,046</b>	<b>185,333</b>	<b>263,126</b>
<b>Total assets</b>	<b>388,349</b>	<b>543,036</b>	<b>191,962</b>	<b>276,541</b>
<b>CURRENT LIABILITIES</b>				
Trade payables	72,178	77,736	-	-
Other payables	49,753	37,201	2,384	2,432
Borrowings	125,529	10,235	123,281	8,663
Accruals for other liabilities and charges	24,947	13,019	-	-
Current income tax liabilities	-	2,541	93	78
<b>Total current liabilities</b>	<b>272,407</b>	<b>140,732</b>	<b>125,758</b>	<b>11,173</b>
<b>NON-CURRENT LIABILITIES</b>				
Deferred income tax liabilities	1,978	2,601	-	-
Other payables	-	-	-	-
Due to subsidiaries	-	-	8,951	-
Borrowings	53,621	156,823	14,428	121,013
Accruals for other liabilities and charges	9,455	1,449	-	-
<b>Total non-current liabilities</b>	<b>65,054</b>	<b>160,873</b>	<b>23,379</b>	<b>121,013</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	128,040	128,040	128,040	128,040
Capital reserve	(163)	(163)	(163)	(163)
Share option reserve	4,395	3,114	4,395	3,114
Foreign currency translation reserve	15,409	14,058	24,615	20,112
Retained (losses) / earnings	(95,849)	96,821	(114,062)	(6,748)
<b>Total equity attributable to owners</b>	<b>51,832</b>	<b>241,870</b>	<b>42,825</b>	<b>144,355</b>
Non-controlling interest	(944)	(439)	-	-
<b>Total equity</b>	<b>50,888</b>	<b>241,431</b>	<b>42,825</b>	<b>144,355</b>
<b>Total liabilities and equity</b>	<b>388,349</b>	<b>543,036</b>	<b>191,962</b>	<b>276,541</b>



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

	30/06/2016		30/06/2015	
	AU\$'000	AU\$'000	AU\$'000	AU\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	16,799	108,730	10,235	-
Amount repayable after one year	14,471	39,150	17,359	139,464

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

On 1 April 2015, the Company announced that AusGroup Limited had entered into a facility agreement for a US\$20m 3 year term loan. 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.

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

In 4Q FY2015 the Group entered into a AU\$23m bridge loan facility (Bridge Loan) with DBS Bank Ltd. As at 30 June 2016 the balance had been repaid per the agreed repayment schedule.

In 2Q FY2016 the Group entered into an Accounts Receivable Purchase facility with DBS (ARP facility) for key debtor balances. This provided the Group with AU\$23m of facility to be drawn down. As at 30 June 2016 AU\$2.45m of this balance had been utilized.

The current portion of debt has increased when compared to that at 30 June 2015 due to the Notes being reclassified as current in 2Q FY2016 given the October 2016 repayment date as outlined above.

In 3Q FY2016 the Group entered into a AU\$30m Short Term loan facility with DBS Bank Ltd. As at 30 June 2016, AU\$11.0m of this balance was drawn down. The terms of this short term loan include covenant requirements consistent with that of the Group's other DBS facilities (refer below). The scheduled repayment date of the loan balance is 31 August 2016, thus it is classified as a current liability.

**Details of secured collateral**

**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\$11.6 million. 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.



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### 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 Programme and DBS facilities. To note, the EBITDA to interest cost covenant applies only to stipulated test periods as outlined in the facility documents.

As reported in 2Q FY2016, as at the 31 December 2015 Notes covenant assessment date, the Group was in breach of the EBITDA / Interest Cover covenant. However, pursuant to an extraordinary general meeting of noteholders held on 29 January 2016, this breach was waived without modification to the resolution presented.

In the days following this resolution, the Group entered into a supplemental trust deed with DBS Bank Ltd, as trustee, to amend various provisions of the Trust Deed and Conditions of the Notes as described in the Extraordinary Resolution announced on 1 February 2016.

At 3Q FY2016, the Group was in breach of the Consolidated Net Assets covenant under both the Programme and DBS facilities whereby the Group was required to maintain a net asset balance of AU\$160 million. A waiver was obtained for the breach from DBS for the 3Q and 4Q FY2016 reporting dates, however no waiver was obtained from the Noteholders.

The Group was in breach of the Consolidated Net Assets, the 6 month rolling EBITDA/Interest cover, and 12 month rolling EBITDA/Interest cover covenants at 4Q FY2016. The Group has actively engaged with Noteholders and DBS since the 3Q breach in efforts to restructure the debt, negotiations remain ongoing at the time of this report.

AusGroup Limited is also required to maintain a minimum consolidated trade debtor balance compared to the current outstanding under the existing Bridge Loan and ARP facilities.

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.

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

	GROUP 4Q 2016 AU\$'000	GROUP 4Q 2015 AU\$'000	GROUP FY 2016 AU\$'000	GROUP FY 2015 AU\$'000
<b>Cash flows from operating activities</b>				
Net (loss)/profit for the year	(99,709)	261	(193,167)	6,210
<i>Add / (less) adjustments for:</i>				
Income tax (benefit)/expense	1,635	1,174	1,668	1,545
Depreciation of property, plant and equipment	3,676	2,803	14,033	9,748
Amortisation of intangible assets	1,307	110	3,675	2,283
Employee share and share option scheme expense	417	2,011	1,281	2,228
Impairment of goodwill	-	3,520	2,535	3,520
Impairment of property, plant and equipment	44,997	-	52,323	200
Impairment of intangible assets	28,790	277	29,087	277
Impairment of other assets	-	-	5,054	-
Impairment loss on trade receivables	1,920	-	48,388	328
Allowance for foreseeable contract losses	2,003	-	2,003	-
Onerous lease provision costs	8,158	-	8,158	-
Re-instatement provision costs	733	-	733	-
Net exchange difference	(1,920)	320	(459)	320
Profit on disposal of property, plant and equipment	(1,121)	(520)	(2,041)	(1,574)
Interest income	(155)	(207)	(561)	(877)
Finance costs	5,397	3,498	15,783	7,476
Research and development tax credits	-	(21,834)	13,723	(33,797)
<b>Operating cash flows before working capital changes</b>	<b>(3,872)</b>	<b>(8,587)</b>	<b>2,216</b>	<b>(2,113)</b>
<b>Changes in operating assets and liabilities</b>				
Trade receivables	11,631	(21,376)	(4,159)	(40,054)
Other receivables and prepayments	(35)	8,820	(3,121)	2,684
Inventories	(110)	(1,226)	(3,956)	(1,710)
Trade and other payables	3,994	34,205	2,446	26,536
Accruals	(2,104)	(3,962)	24,126	(2,665)
<b>Cash generated from/(used in) operations</b>	<b>9,504</b>	<b>7,874</b>	<b>17,552</b>	<b>(17,322)</b>
Interest paid	(5,021)	(4,074)	(14,353)	(7,043)
Interest received	155	207	561	877
Income tax (paid)/received	(891)	(209)	(2,049)	11,007
<b>Net cash generated from/(used in) operating activities</b>	<b>3,747</b>	<b>3,798</b>	<b>1,711</b>	<b>(12,481)</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	1,670	2,110	4,051	4,685
Purchase of property, plant and equipment	(3,381)	(18,532)	(24,746)	(55,246)
Purchase of other intangible assets	(113)	368	(387)	(1,661)
Release/(Withhold) of restricted cash	-	(25,509)	13,894	(25,509)
Net cash outflow on acquisition of subsidiary	-	-	-	(12,188)
<b>Net cash used in investing activities</b>	<b>(1,824)</b>	<b>(41,563)</b>	<b>(7,188)</b>	<b>(89,919)</b>





Consolidated Statement of Cash Flows (continued)	GROUP 4Q 2016 AU\$'000	GROUP 4Q 2015 AU\$'000	GROUP FY 2016 AU\$'000	GROUP FY 2015 AU\$'000
<b>Cash flows from financing activities</b>				
Payment for share issue costs	-	-	-	(122)
Proceeds from loans	3,561	17,183	22,459	121,363
Repayment of finance lease	(2,588)	-	(10,631)	(1,070)
Repayment of borrowings	(1,430)	(19,354)	(2,723)	(53,000)
<b>Net cash (used in)/generated from financing activities</b>	<b>(457)</b>	<b>(2,171)</b>	<b>9,105</b>	<b>67,171</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,466</b>	<b>(39,936)</b>	<b>3,628</b>	<b>(35,229)</b>
Effect of exchange rate changes	167	(4,320)	(130)	1,366
<b>Movement in cash and cash equivalents for the period / year</b>	<b>1,633</b>	<b>(44,256)</b>	<b>3,498</b>	<b>(33,863)</b>
Cash and cash equivalents at beginning of period / year	8,847	51,238	6,982	40,845
<b>Cash and cash equivalents at end of period / year</b>	<b>10,480</b>	<b>6,982</b>	<b>10,480</b>	<b>6,982</b>
<b>Cash and cash equivalents represented by:</b>				
Cash and cash equivalents	22,095	38,647	22,095	38,647
*Restricted cash	(11,615)	(25,509)	(11,615)	(25,509)
Less: Bank overdraft	-	(6,156)	-	(6,156)
<b>Total cash and cash equivalents (net of overdraft) at end of period / year</b>	<b>10,480</b>	<b>6,982</b>	<b>10,480</b>	<b>6,982</b>

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

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

	SHARE CAPITAL	CAPITAL RESERVE	SHARE BASED PAYMENT RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL	NON- CONTROLLING INTEREST	TOTAL EQUITY
	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000
<b>Group</b>								
<b>FY 2016</b>								
<b>Balance as at 1 July 2015</b>	128,040	(163)	3,114	14,058	96,821	241,870	(439)	241,431
Loss for the year ended 30 June 2016	-	-	-	-	(192,670)	(192,670)	(497)	(193,167)
Other comprehensive income/(loss) for the year ended 30 June 2016	-	-	-	1,351	-	1,351	(8)	1,343
Share based payment reserve	-	-	1,281	-	-	1,281	-	1,281
<b>Balance as at 30 June 2016</b>	<b>128,040</b>	<b>(163)</b>	<b>4,395</b>	<b>15,409</b>	<b>(95,849)</b>	<b>51,832</b>	<b>(944)</b>	<b>50,888</b>
<b>Group</b>								
<b>FY 2015</b>								
<b>Balance as at 1 July 2014</b>	99,599	(163)	886	3,528	90,647	194,497	-	194,497
Acquisition of subsidiaries	28,441	-	-	-	-	28,441	-	28,441
Total comprehensive income/(loss) for the year ended 30 June 2015	-	-	-	10,530	6,174	16,704	(7)	16,697
Additional non-controlling interests arising on the acquisition of subsidiaries	-	-	-	-	-	0	(432)	(432)
Share based payment reserve	-	-	2,228	-	-	2,228	-	2,228
<b>Balance as at 30 June 2015</b>	<b>128,040</b>	<b>(163)</b>	<b>3,114</b>	<b>14,058</b>	<b>96,821</b>	<b>241,870</b>	<b>(439)</b>	<b>241,431</b>

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

	SHARE CAPITAL	CAPITAL RESERVE	SHARE BASED PAYMENT RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL	NON- CONTROLLING INTEREST	TOTAL EQUITY
	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000
<b>Company</b>								
<b>FY 2016</b>								
Balance as at 1 July 2015	128,040	(163)	3,114	20,112	(6,748)	144,355	-	144,355
Profit for the year ended 30 June 2016					(107,314)	(107,314)	-	(107,314)
Other comprehensive income for the year ended 30 June 2016	-	-	-	4,503	-	4,503	-	4,503
Share based payment reserve	-	-	1,281	-	-	1,281	-	1,281
<b>Balance as at 30 June 2016</b>	<b>128,040</b>	<b>(163)</b>	<b>4,395</b>	<b>24,615</b>	<b>(114,062)</b>	<b>42,825</b>	<b>-</b>	<b>42,825</b>
<b>Company</b>								
<b>FY 2015</b>								
Balance as at 1 July 2014	99,599	(163)	886	4,173	(3,290)	101,205	-	101,205
Acquisition of subsidiaries	28,441	-	-	-	-	28,441	-	28,441
Total comprehensive loss for the year ended 30 June 2015	-	-	-	15,939	(3,458)	12,481	-	12,481
Share based payment reserve	0	-	2,228	-	-	2,228	-	2,228
<b>Balance as at 30 June 2015</b>	<b>128,040</b>	<b>(163)</b>	<b>3,114</b>	<b>20,112</b>	<b>(6,748)</b>	<b>144,355</b>	<b>-</b>	<b>144,355</b>

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

Number of issued shares	Q4 2016	30 June 2016	30 June 2015
Opening balance	740,432,016	740,432,016	648,276,475
Issuance of shares	-	-	92,155,541
Closing balance of issued shares	<u>740,432,016</u>	<u>740,432,016</u>	<u>740,432,016</u>

As at 30 June 2016 there were outstanding options for 735,000 (30 June 2015: 1,569,000) unissued ordinary shares under the employee share option scheme. All the outstanding options have vested and are exercisable at the balance sheet date.

As at 30 June 2016 there were 1,611,991 (30 June 2015: 2,258,158) outstanding rights that may potentially be converted to shares under the employee share scheme. The Group did not meet the relevant TSR (Total shareholder return is based on a comparable peer group) targets for the financial year ended 30 June 2016, hence, no ordinary shares are expected to be issued under the employee share scheme.

As at 30 June 2016 and 30 June 2015 respectively there were no treasury shares held by the company.

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

	30 June 2016	30 June 2015
Number of issued shares	<u>740,432,016</u>	<u>740,432,016</u>

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

Not applicable.

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

The figures have not been audited or reviewed by the auditors.

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

Not applicable.

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

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the audited financial statements for the year ended 30 June 2015, except for new and amended FRS and Interpretation to FRS ("INTFRS") that are mandatory for application from 1 July 2015.

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

**ASSETS HELD FOR SALE - DISCONTINUED OPERATION**

During the quarter ended 31 March 2016, the Group announced that it had appointed a financial advisor to undertake a process to solicit and consider offers for the acquisition of the Group's scaffolding and access business ("MAS Business Segment") and operations were reclassified as held for sale for 3Q FY2016. With current operations throughout Australia, Singapore and Thailand, the MAS Business Segment provides scaffolding and associated services for both construction and maintenance activities on major projects in the resources, oil and gas, infrastructure and industrial sectors.

During 4Q FY2016, negotiations with prospective buyers of the MAS Business Segment ended, and all parties withdrew from negotiations. At 30 June 2016 a sale is not considered highly probable or expected to be finalized within 12 months and therefore the MAS Business Segment is no longer classified as held for sale. All operations of the business have been reclassified as continuing operations and assets and liabilities have been measured at their carrying values prior to classification as held for sale as adjusted for items such as depreciation and amortization that would have been charged if the assets had never been reclassified.

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

	GROUP 4Q 2016	GROUP 4Q 2015	GROUP FY 2016	GROUP FY 2015
Profit/(loss) after taxation (AU\$'000)	(99,709)	261	(193,167)	6,210
Weighted average number of ordinary shares in issue applicable to earnings ('000)	740,432	740,432	740,432	707,609
Fully diluted number of ordinary shares ('000)	742,044	742,725	742,044	709,972
Earnings/(loss) per ordinary share (AU cents)				
- Basic	(13.5)	0.0	(26.1)	0.9
- Diluted	*	0.0	*	0.9

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

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

For the purposes of calculating diluted earnings per share, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive shares is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the profit/(loss) after taxation.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year

	GROUP		COMPANY	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Net assets (AU\$'000)	50,888	241,431	42,825	144,355
Net asset value per ordinary share based on issued share capital at the end of the respective periods (AU cents)	6.9	32.6	5.8	19.5

Net asset value per ordinary share is calculated by dividing the net assets attributable to the entity holders of the Company by the number of issued shares as at 30 June 2016 of 740,432,016 ordinary shares (30 June 2015: 740,432,016).

**8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

**A Income Statement**

**(i) Revenue**

Revenue for the fourth quarter of FY2016 increased by 14.1% to AU\$103.4 million (4Q FY2015: AU\$90.6 million). Similarly, revenue for FY2016 has increased by 12.7% to AU\$481.8 million (FY 2014: AU\$427.4 million).

Revenue in the quarter was due to higher access and project services provided relative to the comparative period. For the year to date, the increase was driven by higher operational activity over the year, driven by increased activity in maintenance, projects and in particular access services over the year, as well as the additional revenue contributed from the full year of operation for the Port & Marine business.

**(ii) Cost of sales and Gross profit**

**Cost of sales**

The cost of sales for the fourth quarter increased by 42.3% to AU\$99.3 million (4Q FY2014: AU\$69.8 million). The cost of sales for FY2016 increased by 24.6% to AU\$458.5 million (FY2015: AU\$368.1 million).

The cost of sales in the quarter increased on the back of higher operating activity in the Projects and Access Services business unit than in the comparative period, as well as excess COS incurred with no corresponding revenue in the Singapore Fabrication business to close out contracts with the pending closure of this business. The YTD cost of sales increased due to higher Maintenance, Project and Access services to the comparative year, as well as the increase in costs from the Port & Marine Services business unit with its first full year of operation. The YTD number was also impacted by the net write back of research and development tax credits of AU\$13.7m (AU\$16.3m write back, partially offset by AU\$2.6m credit utilized), partially offset by lower activity in the Fabrication and Manufacturing business in both Australia and Singapore.

#### ***Gross profit***

Gross profit margin for fourth quarter of FY2016 decreased to 3.9%, compared with 23.0% during the corresponding period in FY2015, and gross profit margin for the full year FY2016 decreased to 4.8%, compared with 13.9% during FY2015. The significant movement was due to the comparative numbers of FY2015 including research and development credits of AU\$16.3m in the quarter and YTD which in effect offset cost of sales increasing the comparative margins, while there were R&D credit write backs recognized in FY2016 as described above in the cost of sales analysis, compounding the variance between periods. Further to this, the continued tightening in the oil & gas industry as primary producers reduced capital spend and looked for operating efficiencies on the back of a severely deflated oil price, notably affected the Singapore Fabrication business, and the ability of the Port & Marine business to be fully commercialised. Excluding the research and development write back, and these two loss making business units, the core Engineering Services element of the Group achieved a gross margin of 11.4% on revenue of AU\$452.7 million.

#### **(iii) Other operating income**

Other operating income for the fourth quarter of FY2016 increased to AU\$2.1m (4Q FY2015: AU\$1.0m), primarily due to higher gains from disposal of property, plant and equipment in the fourth quarter of FY 2016.

Other operating income for FY2016 decreased to AU\$3.5m (FY2015: AU\$3.7m). The increase from higher gains from disposal of property, plant and equipment and other sundry income has been offset largely by adverse foreign exchange variances in the year.

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

##### ***Other operating costs***

Other operating costs for 4Q FY2016 were AU\$13.7 million (4Q FY2015: AU\$8.0 million), and for FY2016 increased by 84.1% to AU\$40.0 million (FY2015: AU\$21.7 million). The increase in the quarter and year was primarily due to shut-down costs incurred in relation to the Singapore Fabrication business as the Group recognised re-instatement and onerous lease costs on the leasehold facility in 4Q. In addition to this, there was an associated increase due to the increased scope of operations of the Port & Marine business comparative to the FY2015 year.

##### ***Impairment of receivables***

The extended delay in the full commercialization of the Port Melville facility, combined with the poor performance by our Fabrication and Manufacturing business in both Australia and Singapore due to the continued tightening in capital spend in the oil and gas industry, resulted in increased pressure on cash reserves. Following on from 2Q and 3Q FY2016, the Group has continued to take an aggressive approach on work in progress claims to convert these receivables into cash, occasioning the writing down of the recoverability of carried work in progress balances in the quarter by AU\$1.9 million (FY2016: AU\$48.4 million).

##### ***Impairment of property, plant and equipment, intangible assets and other assets***

In Q4, the decision was made to cease operations in the Singaporean Fabrication business. As a result of this, it occasioned management to perform a further impairment review of the carrying values of all remaining assets in the business, resulting in a write down to the assessed fair value less costs to sell of all

asset balances. This assessment resulted in an impairment of AU\$1.5 million being booked in the quarter in relation to the Singapore business unit. This is in addition to AU\$12.7 million impairment booked in Q3 FY2016 in relation to impairment assessments due to challenges being faced by the Australian and Singaporean Fabrication businesses. Further to this, following an impairment assessment of the Port & Marine business unit, the Board made the decision to impair the carrying value of property, plant and equipment, and the right to operate the port intangible asset by AU\$72.3 million. For further detail on this impairment please refer section 10 under the “Overall” subheading.

***Impairment of goodwill***

Linked to the above, the impairment review performed over the Fabrication business units also resulted in the full impairment of the carried goodwill balance in the Singapore Fabrication business of AU\$2.5m in 3Q FY2016.

***Administrative expenses***

Administration expenses for 4Q FY2016 increased by 92.0% to AU\$8.8 million (4Q FY2015: AU\$4.6 million), and for the FY2016 year increased by 12.8% to AU\$22.4 million (FY2015: AU\$19.9 million). This is primarily driven by increased costs associated with ongoing restructuring and business transformation activities in overhead and administrative function across the Group aimed at delivering sustainable long term improvements to business operations. The increase in the scope of support functions attributable to the Port & Marine business also contributed to the increase.

***Marketing and distribution expenses***

Marketing and distribution expenses for the fourth quarter of FY2016 was AU\$0.6 million (4Q FY2015: AU\$0.5 million). The increase is mainly due to a larger Australian marketing team and slightly higher spend on marketing related activity in Australia and Singapore.

Marketing and distribution expenses for FY2016 increased by 43.8% to AU\$2.8 million (FY2015: AU\$1.9 million) consistent with the reasons outlined above.

**(v) Finance costs**

Finance costs for the fourth quarter of FY2016 increased by 54.3% to AU\$5.4 million (4Q FY2015: AU\$3.5 million), while finance costs for FY2016 increased by 111.1% to AU\$15.8 million (FY2015: AU\$7.5 million). The higher borrowing cost is mainly attributable to the higher overall debt position for the Group to support the development and commencement of the Port & Marine services business. This increase is further impacted by the construction phase of the Port Melville facility having been completed, and thus no further interest costs relating to this project are being capitalised.

**Income tax expense**

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

**(vi) (Loss)/profit after tax**

The loss after tax for the fourth quarter of FY2016 was AU\$99.7 million (4Q FY2015: profit of AU\$0.3 million). For FY2016, the loss after tax was AU\$193.2 million (FY2015: profit of AU\$6.2 million). This should be read in conjunction with notes 8B(i) to (v) above which outline the reasons driving the overall Group result for the quarter and financial year.



**B Balance Sheet**

**(i) Shareholders' equity**

Total shareholders' equity at 30 June 2016 amounted to AU\$50.9 million, a decrease of 78.9% from the previous year (FY2015: AU\$241.4 million). This was primarily due to the loss for the period of AU\$193.2 million.

**(ii) Non-current assets**

Total non-current assets amounted to AU\$211.1 million at 30 June 2016, representing a 31.2% decrease from the previous year (FY2015: AU\$307.0 million). The decrease is primarily due to impairment of goodwill and other assets (refer to 8A (iv)).

**(iii) Current assets**

Total current assets amounted to AU\$177.2 million at 30 June 2016, representing a 24.9% decrease compared with the previous year (FY2015: AU\$236.0 million). This is in line with decreased underlying activity.

Trade receivables are split as follows:

	30/06/2016	30/06/2015
	AU\$'000	AU\$'000
<b>Trade receivables</b>		
- Trade receivables	59,926	74,546
<b>Construction contracts</b>		
- Due from customers	68,453	91,923
- Retentions	5,000	11,140
	<u>73,453</u>	<u>103,063</u>
	<u>133,379</u>	<u>177,609</u>

**Current liabilities**

Total current liabilities amounted to AU\$272.4 million, representing a 93.6% increase over the previous year (FY2015: AU\$140.7 million). The increase is mainly due to the reclassification of the Multicurrency Debt Notes ("Notes") borrowings (30 June 2016: AU\$108.7 million) from non-current to current due to the expiry date in October 2016.

Trade payables are split as follows:

	30/06/2016	30/06/2015
	AU\$'000	AU\$'000
<b>Trade payables</b>		
- Trade payables	51,688	58,115
<b>Construction contracts</b>		
- Due to customers	20,490	19,621
	<u>72,178</u>	<u>77,736</u>

**(iv) Non-current liabilities**

Total non-current liabilities has decreased to AU\$65.1 million (FY2015: AU\$160.9 million). The decrease is mainly due to the reclassification of the Notes as outlined above.

## C Cash Flows

### (i) Operating activities

Net cash generated from / (used in) operating activities in 4Q FY2016 was AU\$3.7 million as compared to 4Q FY2015 of AU\$3.8 million, and for the full FY2016 year was AU\$1.7 million compared to FY2015 of (AU\$12.5 million). The marginal decrease in operating cash inflows to the prior period was due to timing differences of the receipts from customers and payments to suppliers. The relative increase in operating performance in the year was due to increased operating activity in FY2016 from the Projects and Access business, partially offset by the loss making Singapore Fabrication and Port & Marine business.

### (ii) Investing activities

Net cash generated from / (used in) investing activities in 4Q FY2016 was (AU\$1.8 million) as compared to 4Q FY2015 of (AU\$41.6 million), and for the full FY 2016 year was (AU\$7.2 million) compared to FY2015 of (AU\$89.9 million).

The significant variance to the comparative periods is due to the acquisitions of Ezion Offshore Logistics Hub Pte Ltd and Teras Australia Pty Ltd in the FY2015 year. The marginal in-flow in the 4Q FY2016 was due to the proceeds from sales of assets almost offset by purchase of operating / scaffold equipment in the Access business. The YTD outflow is due to the purchasing in Access as mentioned above, as well as the construction activities related to the development of Port and Marine services business, partially offset by proceeds received from disposals of property, plant and equipment in the Engineering Services business unit.

### (iii) Financing activities

Net cash generated from / (used in) financing activities in 4Q FY2016 was (AU\$0.5 million) as compared to 4Q FY2015 of (AU\$2.2 million), and for the full FY2016 year was AU\$9.1 million as compared to AU\$67.2 million. The use of cash in the quarter was due to settlement of finance lease obligations and term loan borrowings, which was largely offset by net cash flows from further draw down of other short term borrowing arrangements. The net inflow in the FY2016 year is due to the net draw down of facilities with DBS over the course of the year. The inflow was lower than the comparative FY2015 year as in the prior year there was the issue of S\$110m Multicurrency Debt Note to be used for general corporate purposes, including refinancing of borrowings (from Wingate to DBS), and financing investments and general working capital of the Issuer and its subsidiaries, offset by repayment of AU\$33m Australia and New Zealand Banking Group Limited's loan, previously provided to acquired entities.

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

At 1 July 2016, the Group released a presentation to noteholders which contained 11 months of actuals, and 1 month of forecast for the financial year ended 30 June 2016. The below outlines the variance of actual to the forecast result for key P&L line items.

	FY 2016	Forecast	+ / (-)	+ / (-)
	AU\$'000	AU\$'000	AU\$'000	%
Revenue	481,788	484,980	(3,192)	-0.7%
Cost of sales	(458,504)	(457,001)	(1,503)	0.3%
Gross profit	23,284	27,979	(4,695)	-16.8%
Net (loss)/profit for the period	(193,167)	(100,139)	(93,028)	92.9%

### Comments:

- Revenue was marginally lower than forecast due to the reversal of accrued revenue upon close out of the contracts in Q4 to represent the final agreed contract settlements.

- Cost of sales were higher than forecast due to the upfront recognition of losses on contract positions relating to the closure of the Singapore Fabrication business for those remaining open contracts.
- The net loss for the period was higher than forecast due to the lower gross profit realised as described above, the impairments booked for the closure of the Singapore business to reflect onerous contract provisions, redundancy and termination provisions, and losses on contract positions booked up front. In addition to this, the actual result also incorporated the AU\$72.3 million impairment to the Port & Marine business unit. For further detail on these impairments, refer also section 8A(iv).

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

**Background Information**

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

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

**Our Capabilities**

Maintenance Services

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

Construction

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

Access Services

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

Fabrication and Manufacturing

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

Port and Marine Services

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

**Significant Trends & Competitive Conditions**

The major themes confronting the industry and the Group:

- There is rapidly declining capex activity in exploration and production phases for oil and gas resulting in historically lower volumes for Fabrication and Manufacturing.
- Continuing margin pressures creating an associated need to implement significant cost reduction initiatives.
- Innovation in contractual and project delivery processes is key to embedding long term relationships with clients.
- There is a need to strategically review how capital is deployed with consideration given to divestment alternatives.
- Industry consolidation is expected to gather pace as economies of scale become increasingly important in the market with fewer opportunities.

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

#### **Karara Mining Limited (“KML”) update**

The action in the Supreme Court of Western Australia by the Company’s wholly-owned subsidiary, AGC Industries Pty Ltd (“AGC”) and KML remains ongoing. As described in the operating performance summaries above, the Group is closely reviewing the recoverability of our work in progress positions, including Karara, though the Group is still of the opinion that we are in a strong legal position to recover all monies owing.

The Group continues to monitor the recoverability of this receivable, particularly in light of the current conditions being experienced in global commodity markets.

#### **General**

AusGroup’s work in hand at 30 June 2016 stands at AU\$239.7 million (30 June 2015: AU\$466.6 million).

The uncertain market for our Engineering Services is being addressed by key strategic decisions of focusing on long-term recurring revenue contracts through providing maintenance services to capital projects committed to and completed and to focus upon our core strengths of providing multi-disciplinary services of scaffolding, insulation, refractory and fabrication services.

The diversification into Port & Marine Services has unfortunately been delayed since the completion and commissioning of the Port Melville fuel facility in July 2015. The commencement of full port operations has suffered due to continued delays in environmental and regulatory approval processes. In 2Q FY2016 the Group received an assessment from the Northern Territory Environmental Protection Authority stating that Port Melville did not require an assessment under the Environmental Authority Act as announced to the market on 16 October 2015. Further to this, the Group received a referral decision from the Department of the Environment (DoE) that the Port Melville Supply Base is not a controlled action, and as such, further assessment and approval will not be required under the Environment Protection and Biodiversity Conservation Act before it can proceed, provided it is taken in accordance with the manner described in the decision document. This was announced to the market on 28 October 2015. The port received their first vessel in 2Q and has continued to do so in 3Q and 4Q, facilitating the export of woodchips from the Tiwi Islands. The fuel distribution aspect of the port, however, is being affected by an environmental group appeal over the Environmental Protection Authority’s decision to grant the environmental approvals, leading to further delays to the commercialization of the port. The appeal is now scheduled to be heard by the High Court of Australia in October 2016. Given the on-going delays to commercialisation, the Group has restructured the cost base of the Port & Marine business to significantly reduce the operating, administrative and overhead cost until the level of operating activity is increased.

The forward pipeline remains solid, but was affected by the oil price falling to 11 year lows, resulting in a slowing not only in capital spend, but all non-compulsory spend in the oil and gas sectors. These events have particularly impacted our Fabrication and Manufacturing arms in Australia and Singapore. Our diversified strategic model across construction, maintenance and port & marine services segments, however, continues to provide opportunities to utilize our multi-disciplinary services, and through this diversified model, the group has exposure to long term maintenance contracts which provide a stable earnings platform.

The Group expects, from time to time, delays in the finalizing of variations around certain types of projects under our contractual entitlements. This will create a degree of variability in the Group results from quarter to quarter. The Group’s accounting policy states that when the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognized 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 recognized 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 recognized as an expense immediately.

## Overall

The Group has recognised a net loss after tax of AU\$193.2 million for the year ended 30 June 2016 and as at that date, current liabilities exceed current assets by AU\$95.2 million. As at 30 June 2016 the Group was in breach of its requirement to maintain a minimum net worth position, and its rolling 6 month and 12 month EBITDA / Interest cover covenants as required under all DBS banking facilities and the Trust Deed of the Notes. At the reporting date the Group had obtained a waiver for this breach from DBS Bank Limited, however negotiations with the Noteholders remained ongoing. The Group is in the process of considering all funding alternatives available, including the renegotiation of its facilities to extend the planned repayment terms, disposal of Group assets, and capital raisings through placements or rights issues. The Group is confident in achieving a positive outcome.

The Group acknowledges that a material uncertainty exists over the ability of the Group to meet its funding requirements and to refinance or repay its debt facilities as and when they fall due. However, as described above, the Group has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future.

In addition to the above, as part of the annual impairment review as required by the accounting standards, these assets were assessed for impairment via a value-in-use calculation prepared by an independent advisor based on a management prepared forecast cash flow. After considering this assessment, the Board has concluded that it's prudent to recognize an impairment of AU\$72.3m on these assets, however the Board recognizes the requirement to prepare a further independent valuation based on the assessment of the available market that could be serviced by the Port and Marine business considering the current economic climate for marine services in this region. The Board has commenced sourcing this independent valuation of the Port & Marine business to enable the Group to re-assess the appropriate carrying value of these assets, as well as for the purposes of preparing the audited accounts for the full financial year ended 30 June 2016.

In light of the above, the Company will be seeking an extension of time for the release of its Full Year Accounts, the release of its annual report and the holding of its next annual general meeting for the financial year ended 30 June 2016. The Company will make further announcements on this in due course.

## 11. Dividend

### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

### **(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

### **(c) Date payable**

Not applicable.

### **(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended.

13. IPT Mandate

Name of interested person	Aggregate value of all interested person transactions during fourth quarter of FY2016 under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of SGX-ST Listing Manual during fourth quarter of FY2016 (excluding transactions less than S\$100,000)
Ezion Holdings Limited (expense)	*AUD\$766,863	**AUD\$194,585
Ezion Holdings Limited (revenue)		***AUD\$974,383

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

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

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



**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

2016	*Projects AU\$'000	*Fabrication & Manufacturing AU\$'000	*Maintenance Services AU\$'000	Port & Marine Services AU\$'000	Corporate / Unallocated AU\$'000	Elimination AU\$'000	Total AU\$'000
<b>REVENUE</b>							
Revenue from external customers	299,672	26,710	137,314	18,092	-	-	481,788
Inter-segment revenues	-	-	-	-	-	-	-
<b>Total</b>	<b>299,672</b>	<b>26,710</b>	<b>137,314</b>	<b>18,092</b>	<b>-</b>	<b>-</b>	<b>481,788</b>
<b>RESULTS</b>							
Adjusted EBITDA and impairment	30,289	(24,945)	17,903	(9,970)	(34,459)	-	(21,182)
Depreciation and amortisation	(6,902)	(3,298)	(70)	(4,534)	(2,904)	-	(17,708)
Interest income	2,552	417	-	10,954	22,803	(36,165)	561
Finance cost	(1,215)	(128)	(1,483)	(19,157)	(29,965)	36,165	(15,783)
Impairment losses	(14,570)	(32,197)	(11,405)	(72,605)	(6,610)	-	(137,387)
<b>(Loss)/profit before tax</b>	<b>10,154</b>	<b>(60,151)</b>	<b>4,945</b>	<b>(95,312)</b>	<b>(51,135)</b>	<b>-</b>	<b>(191,499)</b>
<b>ASSETS</b>							
Reportable segment assets	145,971	24,986	21,894	167,161	28,337	-	388,349
Additions to non-current assets (other than financial assets and deferred tax)	8,217	260	-	8,021	497	-	16,995
<b>LIABILITIES</b>							
Reportable segment liabilities	77,053	18,756	3,631	61,805	176,216	-	337,461

\*combined as Engineering Services

**Geographical segments**

2016	Revenue		Segment Assets		Non-current Assets (Exclude deferred tax assets)	
	AU\$'000	%	AU\$'000	%	AU\$'000	%
Australia	437,984	91%	342,401	88%	199,109	94%
Singapore	30,453	6%	41,734	11%	11,814	6%
Thailand	13,351	3%	4,214	1%	194	0%
	<b>481,788</b>		<b>388,349</b>		<b>211,117</b>	

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.



Company Registration No. 200413014R  
(Incorporated in The Republic of Singapore)

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE  
FOURTH QUARTER AND TWELVE MONTHS ENDED 30 JUNE 2016

Page 24 of 28

2015	*Projects	*Fabrication & Manufacturing	*Maintenance Services	Port & Marine Services	Corporate / Unallocated	Elimination	Total
	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000
<b>REVENUE</b>							
Revenue from external customers	182,033	86,642	143,333	15,404	-	-	427,412
Inter-segment revenues	47,140	-	4,425	-	-	(51,565)	-
<b>Total</b>	<b>229,173</b>	<b>86,642</b>	<b>147,758</b>	<b>15,404</b>	<b>-</b>	<b>(51,565)</b>	<b>427,412</b>
<b>RESULTS</b>							
Adjusted EBITDA and impairment	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
Finance cost	(504)	(5,705)	(1,204)	(4,204)	(16,899)	21,040	(7,476)
Impairment losses	-	(3,997)	-	-	-	-	(3,997)
<b>Profit / (Loss) before tax</b>	<b>22,195</b>	<b>(23,153)</b>	<b>1,187</b>	<b>(3,329)</b>	<b>10,855</b>	<b>-</b>	<b>7,755</b>
<b>ASSETS</b>							
Reportable 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	3,836	-	205,049
<b>LIABILITIES</b>							
Reportable segment liabilities	62,031	12,808	14,616	56,139	156,011	-	301,605

**Geographical Segments**

2015	Revenue		Segment Assets		Non-current Assets (Exclude deferred tax assets)	
	AU\$'000	%	AU\$'000	%	AU\$'000	%
Australia	354,518	82%	476,130	88%	263,954	72%
Singapore	44,875	13%	56,179	10%	25,633	28%
Thailand	28,019	5%	10,727	2%	87	0%
	<u>427,412</u>		<u>543,036</u>		<u>289,674</u>	

\*combined as Engineering Services



### Basis for segments

Management has determined the operating segments based on the reports reviewed by the Senior Management Team that are used to make strategic decisions. The Senior Management Team comprises the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer - Engineering Services, Chief Operating Officer - Port & Marine, Chief Operating Officer - Access Services, Project Director - Major Projects, Group Manager - Shared Services & People Capital and Group Manager - Sales, Marketing & Corporate.

The Senior Management Team 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 and port & marine services. Inter-segment revenue transactions are performed on an arms-length basis and eliminated on consolidation. Other services included within the Group are investment holding and the provision of support services. The results of these operations are included in the “others / corporate” column. The Senior Management Team assesses the performance of the operating segment based on a measure of earnings before interest, tax, depreciation, amortisation and impairment (“adjusted EBITDA and impairment”).

### Segment assets reconciliation

Reportable segments’ assets are reconciled to total assets as follows:

	2016	2015
	AU\$'000	AU\$'000
Segment assets for reportable segments	360,012	479,888
Unallocated:		
Cash and cash equivalents	16,716	32,836
Other receivables and prepayments	7,948	1,559
Property, plant and equipment	(2,906)	3,868
Intangible asset	6,579	7,513
Deferred tax assets and current tax recoverable (including set off of deferred tax pursuant to set-off provisions)	-	17,372
<b>Total assets</b>	<b>388,349</b>	<b>543,036</b>

The amounts provided to the Senior Management Team 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 Senior Management Team monitors the property, plant and equipment, intangible assets, inventories and receivables attributable to each segment.

**Segment liabilities reconciliation**

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2016	2015
	AU\$'000	AU\$'000
<b>Segment liabilities for reportable segments</b>	161,245	145,594
Unallocated:		
Bank overdrafts	-	6,156
Trade payables	4,789	4,565
Other payables	27,258	11,936
Borrowings	139,763	124,588
Accruals for other liabilities and charges	3,093	4,511
Deferred tax liabilities and current tax payable (including set off of deferred tax pursuant to set-off provisions)	1,313	4,255
<b>Total liabilities</b>	<b>337,461</b>	<b>301,605</b>

The amounts provided to the Senior Management Team 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 Senior Management Team monitors the trade payables, other payables, borrowings and accruals attributable to each segment.

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

For the year ended 30 June 2016 the Projects segment contributed 62.2% (FY2015: 42.6%) of the Group's revenue, Fabrication and Manufacturing segment contribution was 5.5% (FY2015: 20.3%), Maintenance Services contributed 28.5% (FY2015: 33.5%) and Port & Marine Services contributed 3.8% (FY2015: 3.6%) of the Group's revenue.

Australian revenue accounted for 91% of Group revenue (FY2015: 82%) whilst Singapore and Thailand made up the remaining 9% (FY2015: 18%).

The Project segment (including scaffolding and access services provided by MAS) along with Maintenance Services continued with strong contributions to FY2016 revenues for the Engineering Services business unit, being AU\$142.3m and AU\$144.3m respectively. Activities under the Painting, Insulation & Fireproofing (PIF) and Scaffolding packages for Inpex continue to increase following a slow start to the release of work fronts. The Port & Marine Services business unit has had a small contribution to revenue in the FY2016 numbers, mainly from marine chartering ahead of the full commercialisation of port services, however this result was offset by the additional operating and finance costs attributable to the Port Melville development.

The results were negatively impacted during the year however by impairment charge booked to Goodwill of AU\$2.5 million, onerous lease costs of AU\$8.2 million in relation to Fabrication Singapore, and an impairment charge booked to other assets AU\$14.2 million in relation to property, plant and equipment, software intangibles and inventory balances in both the Australian and Singaporean Fabrication businesses. There was also the AU\$72.3m impairment booked against PPE and Intangibles assets in the Port & Marine business unit. Further contributing to the negative result were the impairments to receivables of AU\$48.1 million resulting from the aggressive approach taken on work in progress claims in converting receivables into cash in the year.

16. A breakdown of sales as follows:

	FY 2016	FY 2015	% increase
	AU\$'000	AU\$'000	/ (decrease)
Revenue reported for first half year	258,893	249,949	4%
Net profit/(loss) after tax for first half year	(69,294)	3,900	-1877%
Revenue reported for second half year	222,895	177,463	26%
Net profit/(loss) after tax for second half year	(123,873)	2,310	-5463%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2016 Proposed	FY2015 Paid
Final one-tier tax exempt dividend on ordinary shares (S\$'000)	Nil	Nil
Special one-tier tax exempt dividend on ordinary shares (S\$'000)	Nil	Nil

18. Person occupying managerial position

Pursuant to Rule 704(13) of the Listing Manual, the following is the only person occupying a managerial position who is a relative of a director, chief executive officer and/or substantial shareholder of the Company:

The Company confirms that there is no such person occupying a managerial position in the Company and its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10).

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

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

ON BEHALF OF THE BOARD

Stuart Maxwell Kenny  
Non-Executive Board Chairman

Eng Chiaw Koon  
Managing Director

29 August 2016



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