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PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (1Q, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

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

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

	GROUP		+ / (-)
	1Q 2016 AU\$'000	1Q 2015 AU\$'000	%
Revenue	132,747	130,533	1.7
Cost of sales	(117,574)	(117,520)	0.0
Gross profit	15,173	13,013	(16.6)
Gross margin	11.4%	10.0%	
Other operating income	299	806	(62.9)
Other operating costs	(7,392)	(5,516)	34.0
Administrative expenses	(5,904)	(4,580)	28.9
Marketing and distribution expenses	(714)	(499)	43.1
Profit from operations	1,462	3,224	54.7
Finance costs	(1,238)	(824)	50.2
Profit before income tax	224	2,400	90.7
Income tax benefit	248	430	(42.3)
Net profit for the period	472	2,830	(83.3)
Net profit %	0.4%	2.2%	
Profit attributable to:			
Equity holders of the Company	348	2,830	(87.7)
Non-controlling interest	124	-	N.M.
	472	2,830	(83.3)
Earnings per ordinary share (cents)			
- basic	0.06	0.44	
- diluted	0.06	0.42	

N.M. not meaningful

(i) **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**

	GROUP	
	1Q 2016	1Q 2015
	AU\$'000	AU\$'000
Profit for the period	472	2,830
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences arising from consolidation	10,414	2,129
Other comprehensive income for the period	10,414	2,129
Total comprehensive income for the period	10,886	4,959
Total comprehensive income attributable to:		
Equity holders of the Company	10,816	4,959
Non-controlling interest	70	-
	10,886	4,959

(ii) **NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

A. **PROFIT FROM OPERATIONS**

The following items have been included in determining the profit before taxation

	GROUP	
	1Q 2016	1Q 2015
	AU\$'000	AU\$'000
Other operating income		
Interest income	117	187
Profit on disposal of property, plant and equipment	269	427
Sundry income	84	164
Foreign exchange (loss)/income	(171)	28
Total other operating income	299	806
Amortisation and Depreciation		
Depreciation of property, plant & equipment included in cost of sales	2,409	2,090
Amortisation of intangible assets included in cost of sales	60	148
Depreciation of property, plant & equipment included in administrative expenses	284	177
Amortisation of intangible assets included in administrative expenses	449	777
Total Amortisation and Depreciation	3,202	3,192

A. PROFIT FROM OPERATIONS (continued)

	GROUP	
	1Q 2016	1Q 2015
	AU\$'000	AU\$'000
Employee share and share option scheme expense	320	509
Research and development tax credits	(2,577)	(5,100)
Restructuring and transformation costs	549	-

B. FINANCE COSTS

	GROUP	
	1Q 2016	1Q 2015
	AU\$'000	AU\$'000
Bank loans	1,159	734
Bank guarantee fees	74	62
Unwinding of earn out payable	3	7
Finance leases and hire purchase	2	21
Total Finance costs	1,238	824

C. INCOME TAX BENEFIT

	GROUP	
	1Q 2016	1Q 2015
	AU\$'000	AU\$'000
Profit before income tax	224	2,400
Prima facie taxation calculated at applicable rate on profit before income tax	(288)	(628)
Tax effect of non-assessable / (non-deductible items)	(237)	(472)
Research and development tax incentives	773	1,530
Total income tax benefit	248	430
Income tax benefit percentage (%)	111%	18%

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

	Group As at 30/09/2015 AU\$'000	Group As at 30/06/2015 AU\$'000	Company As at 30/09/2015 AU\$'000	Company As at 30/06/2015 AU\$'000
CURRENT ASSETS				
Cash and cash equivalents	30,483	38,647	57	-
Trade receivables	214,800	177,609	-	-
Other receivables and prepayments	8,687	11,878	602	626
Inventories	8,757	7,856	-	-
Due from subsidiaries	-	-	42,057	12,789
Total current assets	262,727	235,990	42,716	13,415
NON-CURRENT ASSETS				
Property, plant and equipment	204,522	181,642	-	-
Goodwill	13,621	13,530	-	-
Other intangible assets	102,305	94,500	-	-
Other receivables and prepayments	2	2	-	-
Due from subsidiaries	-	-	166,188	158,654
Other assets	-	-	114,212	114,212
Deferred income tax assets	18,992	17,372	-	-
Total non-current assets	339,442	307,046	280,400	272,866
Total assets	602,169	543,036	323,116	286,281
CURRENT LIABILITIES				
Trade payables	60,743	77,736	-	-
Other payables	56,934	37,201	3,730	2,432
Borrowings	41,326	10,235	38,327	8,663
Accruals for other liabilities and charges	16,773	13,019	-	-
Current income tax liabilities	3,254	2,541	164	78
Total current liabilities	179,030	140,732	42,221	11,173
NON-CURRENT LIABILITIES				
Deferred income tax liabilities	2,654	2,601	-	-
Due to subsidiaries	-	-	8,671	9,740
Borrowings	166,230	156,823	126,697	121,013
Accruals for other liabilities and charges	1,618	1,449	-	-
Total non-current liabilities	170,502	160,873	135,368	130,753
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	128,040	128,040	128,040	128,040
Capital reserve	(163)	(163)	(163)	(163)
Share based payment reserve	3,434	3,114	3,434	3,114
Foreign currency translation reserve	24,526	14,058	21,185	20,112
Retained earnings	97,169	96,821	(6,969)	(6,748)
Total equity attributable to owners	253,006	241,870	145,527	144,355
Non-controlling interest	(369)	(439)	-	-
Total equity	252,637	241,431	145,527	144,355
Total liabilities and equity	602,169	543,036	323,116	286,281



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

	30/09/2015		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	41,326	-	10,235	-
Amount repayable after one year	18,550	147,680	17,359	139,464

On 20 October 2014, the Company announced that AusGroup Limited (the “issuer”) had issued S\$110m 7.45% Notes due in 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. The initial interest payment of S\$4.1m was made on 20 April 2015.

On 1 April 2015, the Company announced that AusGroup Limited has entered in 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 Q4 FY2015 the Group entered into an AU\$30m Surety bond facility with Vero to ensure the Group maintains its bonding capacity for bid bonds, performance bonds and financial guarantees.

In 4Q FY2015 the Group entered into a bridge loan facility (Bridge Loan) with DBS Bank Ltd while an Accounts Receivable Purchase facility (ARP facility) was being finalised. The outstanding balance under the bridge facility is AU\$35.5m. The ARP facility is expected to be finalized in 2Q FY2016. The terms of this bridging loan include covenant requirements consistent with that of the Groups other DBS facilities (refer below).

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\$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.



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 September 2015 the Group met all of these financial covenants.

AusGroup Limited is required to maintain a minimum consolidated trade debtor balance compared to the current outstanding under the proposed Bridge Loan.

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 September 2015 the Group met the negative pledge requirements.

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

	GROUP 1Q 2016 AU\$'000	GROUP 1Q 2015 AU\$'000
Cash flows from operating activities		
Profit before taxation	224	2,400
Add / (less) adjustments for:		
Depreciation of property, plant and equipment	2,693	2,267
Amortisation of intangible assets	509	925
Employee share and share option scheme expense	320	509
Net foreign exchange differences	1,818	-
Profit on disposal of property, plant and equipment	(269)	(427)
Interest income	(117)	(187)
Finance costs	1,238	824
Research and development tax credits	(2,577)	(5,100)
Operating cash flows before working capital changes	3,839	1,211
Changes in operating assets and liabilities		
<i>Changes in operating assets and liabilities, net of effects from acquisition of business</i>		
Trade receivables	(37,191)	(25,803)
Other receivables and prepayments	3,191	1,959
Inventories	(901)	891
Trade payables	(10,356)	8,307
Accruals and other payables	21,529	10,515
Cash used in operations	(19,889)	(2,920)
Interest paid	(543)	(818)
Interest received	117	187
Income tax (paid)/received	(468)	770
Net cash used in operating activities	(20,783)	(2,781)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	720	1,386
Purchase of property, plant and equipment	(17,944)	(2,070)
Release of restricted cash	13,894	-
Purchase of intangible assets	(115)	(1,691)
Net cash used in investing activities	(3,445)	(2,375)



1(c) Consolidated Statement of Cash Flows (continued)	GROUP	GROUP
	1Q 2016	1Q 2015
	AU\$'000	AU\$'000
Cash flows from financing activities		
Repayment of finance leases	(1,983)	(290)
Proceeds from borrowings	3,014	1,775
Net cash generated from financing activities	1,031	1,485
Net decrease in cash and cash equivalents	(23,197)	(3,671)
Effect of exchange rate changes	(464)	818
Movement in cash and cash equivalents for the period	(23,661)	(2,853)
Cash and cash equivalents at beginning of period	6,982	40,845
Cash and cash equivalents (net of overdraft) at end of period	(16,679)	37,992
Cash and cash equivalents represented by:		
Cash and cash equivalents	30,483	37,992
*Restricted cash	(11,615)	-
Less: Bank overdraft	(35,547)	-
Balance per consolidated statement of cash flows	(16,679)	37,992

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

1(d)(i) A statement (for the issuer and group) showing either

(i) all changes in equity, or

(ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	SHARE CAPITAL	CAPITAL RESERVE	SHARE BASED PAYMENT RESERVE	FOREIGN CURRENCY TRANSLATI ON RESERVE	RETAINED EARNINGS	TOTAL	NON- CONTROLLING INTEREST	TOTAL EQUITY
	AU\$'000	AU\$ '000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000
Group								
1Q2016								
Balance as at 1 July 2015	128,040	(163)	3,114	14,058	96,821	241,870	(439)	241,431
Profit for the period	-	-	-	-	348	348	124	472
Other comprehensive income/(loss)	-	-	-	10,468	-	10,468	(54)	10,414
Share based payment expense	-	-	320	-	-	320	-	320
Balance as at 30 September 2015	128,040	(163)	3,434	24,526	97,169	253,006	(369)	252,637
1Q2015								
Balance as at 1 July 2014	99,599	(163)	886	3,528	92,279	196,129	-	196,129
Profit for the period	-	-	-	-	2,830	2,830	-	2,830
Other comprehensive income	-	-	-	2,129	-	2,129	-	2,129
Share based payment expense	-	-	509	-	-	509	-	509
Balance as at 30 September 2014	99,599	(163)	1,395	5,657	95,109	201,597	-	201,597
Company								
1Q2016								
Balance as at 1 July 2015	128,040	(163)	3,114	20,112	(6,748)	144,355	-	144,355
Loss for the period	-	-	-	-	(221)	(221)	-	(221)
Other comprehensive income	-	-	-	1,073	-	1,073	-	1,073
Share based payment expense	-	-	320	-	-	320	-	320
Balance as at 30 September 2015	128,040	(163)	3,434	21,185	(6,969)	145,527	-	145,527
1Q2015								
Balance as at 1 July 2014	99,599	(163)	886	4,173	(3,290)	101,205	-	101,205
Loss for the period	-	-	-	-	(604)	(604)	-	(604)
Other comprehensive income	-	-	-	3,975	-	3,975	-	3,975
Share based payment expense	-	-	509	-	-	509	-	509
Balance as at 30 September 2014	99,599	(163)	1,395	8,148	(3,894)	105,085	-	105,085

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

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

As at 30 September 2015 there were outstanding options for 1,561,000 (30 September 2014: 1,674,000) unissued ordinary shares under the employee share option scheme. All the outstanding options have vested and are exercisable at the balance sheet date.

As at 30 September 2015 there were 2,258,158 (30 September 2014: 2,561,473) 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 2015 hence no ordinary shares are expected to be issued under the employee share scheme.

As at 30 September 2015 and 30 September 2014 respectively there were no treasury shares held by the company.

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

	30 September 2015	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 ("INT FRS") 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

None.

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

	GROUP 1Q 2016 AU\$'000	GROUP 1Q 2015 AU\$'000
Profit/(loss) after taxation	472	2,830
Weighted average number of ordinary shares in issue applicable to earnings ('000)	740,432	648,276
Fully diluted number of ordinary shares ('000)	742,690	669,650
Earnings/(loss) per ordinary share (AU cents)		
- Basic	0.06	0.44
- Diluted	0.06	0.42

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 and share awards were exercised. The number of shares that could have been issued upon the exercise of all dilutive shares is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the profit after tax.

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

	GROUP	
	30/09/2015	30/06/2015
	AU\$'000	AU\$'000
Net assets	252,637	241,431
Net asset value per ordinary share based on issued share capital at the end of the respective periods (AU cents)	34.1	32.6

Net asset value per ordinary share was calculated based on 740,432,016 ordinary shares as at 30 September 2015 (30 June 2015: 740,432,016 ordinary shares).

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

A Income Statement

(i) Revenue

Revenue for the first quarter of FY2016 increased by 1.7% to AU\$132.7 million (1Q FY2015: AU\$130.5 million) driven by better than expected performance in the Maintenance Services and Access Services (previously named Scaffolding) business units, offset by the poor performance of the Fabrications business. Port & Marine Services has contributed AU\$12.0m of revenue in 1Q FY 2016.

(ii) Cost of sales and Gross (loss)/profit

Cost of sales

The cost of sales for the first quarter of FY2016 was AU\$117.6 million (1Q FY2015: AU\$117.5 million), which was in line with the level of operating activity.

Gross profit

Gross margins strengthened slightly to 11.4% during the first quarter of FY2016 when compared to 1Q FY2015. The gross profit margin remained within the 10-12% target range.

(iii) **Other operating income**

Other operating income for the first quarter of FY2016 decreased to AU\$0.3 million (1Q FY2015: AU\$0.8 million). The decrease was mainly due to the lower interest income, lower gains from disposal of property, plant and equipment, and adverse foreign exchange movements in the quarter.

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

Other operating costs

Other operating costs for the first quarter of FY2016 increased by 34.0% to AU\$7.4 million (1Q FY2015: AU\$5.5 million). This increase over 1Q FY2015 was due to the inclusion of the operations from the acquisition of Port and Marine services businesses. 1Q FY2016 however was marginally lower than the previous quarter (4Q FY2015 AU\$8.3 million) as the Group continues to achieve more operational efficiencies.

Administrative expenses

Administration expenses for the first quarter of FY2016 increased by 28.9% to AU\$5.9 million (1Q FY2015: AU\$4.6 million) in line with expectations due to the acquisition of the Port and Marine services businesses. 1Q FY2016 was higher than the previous quarter (4Q FY2015 AU\$4.6 million) due to restructuring and transformation costs incurred in the period.

Marketing and distribution expenses

Marketing and distribution expenses for the first quarter of FY2016 increased marginally to AU\$0.7 million (1Q FY2015: AU\$0.5 million) due to higher spend on marketing related activity in Australia and Singapore. 1Q FY2016 was also only U\$0.2m higher than the previous quarter (4Q FY2015: AU\$0.5 million).

Finance costs

Finance costs for the first quarter of FY2016 increased by 50.2% to AU\$1.2 million (1Q FY2015: AU\$0.8 million). The borrowing cost was higher due the higher overall debt position for the Group to support the development and commencement of the Port and Marine services business.

(v) **Income tax benefit**

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

(vi) **Profit after tax**

The profit after tax for the first quarter of FY2016 decreased to AU\$0.5 million (1Q FY2015: AU\$2.8 million). The reduced profit has resulted from higher overhead and administrative costs related with the acquisition of the Port and Marine services businesses. These acquisitions have not yet brought a proportional increase in revenue and gross margins due to the delay caused by the environmental and regulatory approval processes. This should also be read in conjunction with notes 8 A (i) to (vi) above.

B Balance Sheet

(i) Shareholders' Equity

Total shareholders' equity at 30 September 2015 amounted to AU\$252.6 million, an increase of 4.6% over the previous year (30 June 2015: AU\$241.4 million) following the profit for the period of AU\$0.5 million and increase in foreign currency translation reserves.

(ii) Non-current Assets

Total non-current assets amounted to AU\$339.4 million at 30 September 2015, representing a 10.6% increase over the previous year (30 June 2015: AU\$307.0 million). The increase was mainly due to the cost incurred for the Port Melville asset final construction costs in FY2016.

(iii) Current Assets

Total current assets amounted to AU\$262.7 million at 30 September 2015, representing an 11.3% increase compared with the previous year (30 June 2015: AU\$236.0 million). The increase was due to higher total trade receivables and work in progress balances for on-going project work. Trade receivables are split as follows:

	30/09/2015	30/06/2015
	AU\$'000	AU\$'000
Trade receivables		
- Trade receivables	71,796	74,546
	<hr/>	<hr/>
Construction contracts		
- Due from customers	130,128	91,923
- Retentions	12,876	11,140
	<hr/>	<hr/>
	143,004	103,063
	<hr/>	<hr/>
	214,800	177,609
	<hr/>	<hr/>

Current Liabilities

Total current liabilities amounted to AU\$179.0 million at 30 September 2015, representing a 27.2% increase over the previous year (30 June 2015: AU\$140.7 million). The increase was mainly due to the higher current portion of borrowings and provisions.

Trade payables are split as follows:

	30/09/2015	30/06/2015
	AU\$'000	AU\$'000
Trade payables		
- Trade payables	45,368	58,115
	<hr/>	<hr/>
Construction contracts		
- Due to customers	15,375	19,621
	<hr/>	<hr/>
	60,743	77,736
	<hr/>	<hr/>

(iv) **Non-current Liabilities**

Total non-current liabilities has increased by 6.0% to AU\$170.5 million (30 June 2015: AU\$160.9 million). The increase was due to the higher borrowings in the period.

C Cash Flows

(i) **Operating activities**

Net cash used in operating activities was AU\$20.8 million in 1Q FY2016. The negative operating cash flows were mainly due to timing difference of the receipts from customers and payment to suppliers.

(ii) **Investing activities**

Net cash used in investing activities was AU\$3.4 million in 1Q FY2016, spent mainly on the purchase of operating equipment and construction activities related to the development of the Port and Marine services businesses, partially offset by release of restricted cash.

(iii) **Financing activities**

Net cash generated from financing activities was AU\$1.0 million in 1Q FY2016. The cashflow was generated from proceeds from borrowing of AU\$3.0 million, partially offset by the settlement of finance lease liabilities of AU\$2.0 million.

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

Not applicable.

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 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

Our fabrication services include 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

Despite continued decline in capital projects across the oil & gas and resources sector, AusGroup's work in hand at 30 September 2015 remained strong at AU\$389.8 million (30 June 2015: AU\$466.6 million) representing a slight softening in new orders being received due to seasonal factors in maintenance and non-replenishment of project awards.

This strong order book in an uncertain market for our Engineering Services business reflects the 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 progressed with the completion and commissioning of the Port Melville fuel facility in July 2015. However the commencement of full port operations has been delayed due to longer than expected environmental and regulatory approval processes. The Group however recently 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, and following this decision, Port Melville will now be able to commence full operations.

The forward pipeline remains solid, but is subject to potential deferrals of capital expenditure in the current climate for some of our focus markets, particularly fabrication and manufacturing in Australia and Singapore. Our diversified strategic model across construction, maintenance and port & marine services segments provides opportunities to utilize our multi-disciplinary services.

Lastly, AusGroup has continued to work on a Transformation Program first implemented in FY2015 which is designed to improve our efficiency and effectiveness and aims to deliver significant cost savings in FY2016 and provide improved margins going forward.

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.

Action between a former employee and AusGroup Singapore Pte Ltd

On 16 March 2015, a former employee (the “Plaintiff”) commenced action against AusGroup Singapore Pte Ltd (the “Defendant”) for payment of variable employment bonuses, which the Plaintiff asserts were due from the Defendant during the Plaintiff’s employment.

The Plaintiff filed an application for summary judgment on 30 June 2015 and was granted judgement for payment by the Defendant of the principal sum of S\$906,000 plus interests and costs (“the Judgment Sum”).

On 14 October 2015, the Defendant filed a Notice of Appeal against the judgement. The hearing of the appeal has yet to be fixed as the Defendant is applying for leave to file further affidavit evidence.

Overall

The Group has work in hand to the value of AU\$389.9 million as of 30 September 2015.

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 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.



11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. **IPT Mandate**

Name of interested person	Aggregate value of all interested person transactions during first quarter of FY2016 under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of SGX-ST Listing Manual during first quarter of FY2016 (excluding transactions less than \$100,000)
Australasian Insulation Supplies	AU\$493,116	N/A
Ezion Holdings Limited	N/A	AU\$15,084,187*

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

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

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

ON BEHALF OF THE BOARD

Stuart Maxwell Kenny
Board Chairman
29 October 2015

Gerard Hutchinson
Managing Director



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.