



**SGX/MEDIA RELEASE
For Immediate Release**

Company Registration Number 200413014R
15 Hoe Chiang Road, #12-05 Tower Fifteen, Singapore 089316

Singapore and Australia
2 February 2017

Sale of Assets and Equipment by AusGroup Singapore Pte. Ltd.

1. INTRODUCTION

The Board of Directors ("**Board**") of AusGroup Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 23 August 2016 (the "**Announcement**") which stated that due to the prolonged adverse business environment in the Singapore fabrication and manufacturing businesses, the Group is likely to further impair certain assets and has hence decided to cease the Singapore fabrication and manufacturing businesses and sell the related assets. The Group further refers to the Company's announcements dated 1 July 2016, 4 July 2016, 18 July 2016, 29 August 2016, 13 September 2016 and 25 November 2016. The Board wishes to update shareholders that further to the Announcement, AusGroup Singapore Pte. Ltd. ("**AusGroup Singapore**") has, on 2 February 2017, substantially completed the sale of certain assets and equipment to an external third party (the "**Buyer**").

2. INFORMATION ON THE BUYER AND ASSETS

The Buyer is an external third party and is a limited liability company incorporated in the State of Kuwait and is in the business of repairing equipment and facilities management in Kuwait. It has a significant presence in the onshore drilling industry.

The assets and equipment (the "**Assets**") disposed have been used by AusGroup Singapore in its fabrication yard operations which has been loss making for the last two years.

3. CONSIDERATION

Based on the above and on a willing buyer willing seller basis, the parties had reached an agreed consideration (the "**Consideration**") of US\$3 million (approximately AU\$3.9 million based on an exchange rate of AU\$1:US\$0.756). As of 2 February 2017, 75% of the Consideration has been paid by the Buyer to AusGroup Singapore. The remaining 25% of the Consideration will be paid in due course.

Based on the financial statements for the year ended 30 June 2016, the book value of the Assets was approximately AU\$2.6 million. The disposal has resulted in a gain on disposal of approximately AU\$1.3 million.

4. RATIONALE

AusGroup Singapore made a net loss of AU\$32.4 million for the financial year ended 30 June 2016 in light of falling revenue on the back of tightened market conditions. AusGroup Singapore has not generated the desired returns in recent years. The Company has decided to close the fabrication yard operations in light of the losses incurred by the business. The proceeds of the sale will allow the Company to provide working capital for other business segments of the Company to further enhance value for Shareholders.

The Company is of the view that the disposal is in the best interests of the Company and its Shareholders. The Board considers the terms of the disposal to be fair and reasonable, taking into account the factors described above.



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5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Other than through their respective shareholdings in the Company, none of the directors and/or substantial shareholders of the Company has any interest (direct or indirect) in the disposal.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the disposal, the Company and its subsidiaries, and the directors of the Company are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

7. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their Shares and Noteholders are advised to exercise caution in trading their Notes. The Company will make further announcements as appropriate or when there are further developments. Shareholders and Noteholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders and Noteholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board
AusGroup Limited

Eng Chiaw Koon
Director
2 February 2017

Ends

Issued by AusGroup Limited.

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ABOUT AUSGROUP LIMITED (Bloomberg Ticker: AUSG.SP)
Main board-listed, AusGroup Limited is an energy and resources specialist providing fabrication, precision machining, construction and integrated services to natural resource development companies. The Company also provides access services for construction and maintenance contracts through MAS Australasia Pty Ltd (MAS). AusGroup has an established operations network strategically positioned throughout Australasia. For more information visit www.agc-ausgroup.com