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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 2018	**1Q 2017***	**%**
	AU$'000	**AU$'000**	
Continuing operations			
Revenue	153,746	100,082	53.6
Cost of sales	(142,353)	(91,058)	56.3
Gross profit	**11,393**	**9,024**	**26.3**
Gross margin	**7.4%**	**9.0%**	
Other operating income	546	370	47.6
Other operating costs	(2,958)	(2,239)	32.1
Administrative expenses	(2,328)	(4,315)	(46.0)
Consulting and arrangement fees	-	(1,320)	N.M.
Marketing and distribution expenses	(248)	(401)	(38.2)
Profit from operations	**6,405**	**1,119**	**472.4**
Finance costs	(3,297)	(4,224)	(21.9)
Net gain on partial debt restructure	452	-	N.M.
Profit / (loss) before income tax	**3,560**	**(3,105)**	**N.M.**
Income tax expense	(354)	(232)	52.6
Profit / (loss) from continuing operations	**3,206**	**(3,337)**	**N.M.**
Discontinued operations			
(Loss) / profit from discontinued operations, net of tax	(82)	1,176	N.M.
Net profit / (loss) for the period	**3,124**	**(2,161)**	**N.M.**
Net profit / (loss) %	**2.0%**	**-2.1%**	
Profit / (loss) attributable to:			
Owners of the Company	3,124	(2,081)	N.M.
Non-controlling interests	-	(80)	N.M.
	3,124	**(2,161)**	**N.M.**
Profit / (loss) attributable to the owners of the Company:			
Profit / (loss) from continuing operations	3,206	(3,257)	N.M.
(Loss) / profit from discontinued operations	(82)	1,176	N.M.
	3,124	**(2,081)**	**N.M.**
Earnings / (loss) per ordinary share attributable to equity holders of the Company (AU$ cents per share)			
- basic	0.23	(0.28)	
- diluted**	0.23	-	

** Diluted earnings per share for 1Q 2017 is not disclosed as it was anti-dilutive.

N.M. not meaningful

(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	GROUP		+/(-)
	1Q 2018	1Q 2017*	%
	AU$'000	AU$'000	
Profit / (loss) for the period	3,124	(2,161)	N.M.
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	1,165	5,004	(76.7)
Other comprehensive income for the period	1,165	5,004	(76.7)
Total comprehensive income for the period	4,289	2,843	50.9
Total comprehensive income / (loss) attributable to:			
Owners of the Company	4,289	2,891	48.4
Non-controlling interests	-	(48)	N.M.
	4,289	2,843	50.9

* Prior periods' consolidated statement of comprehensive income and accompanying notes have been re-presented following fabrication and manufacturing operations in Singapore being classified as discontinued operations. Refer to note 5 for further details.

(ii) NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

A. PROFIT FROM OPERATIONS

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

	GROUP		+/(-)
	1Q 2018	1Q 2017*	%
	AU$'000	AU$'000	
Other operating income			
Interest income	219	84	160.7
Profit on sale of property, plant and equipment	152	214	(29.0)
Other income	149	164	(9.1)
Foreign exchange gain / (loss)	26	(92)	(128.3)
Total other operating income	**546**	**370**	47.6
Amortisation and Depreciation			
Depreciation of property, plant & equipment included in cost of sales	1,598	2,004	(20.3)
Amortisation of intangible assets included in cost of sales	312	625	(50.1)
Depreciation of property, plant & equipment included in administrative expenses	121	122	(0.8)
Amortisation of intangible assets included in administrative expenses	635	521	21.9
Total Amortisation and Depreciation	**2,666**	**3,272**	(18.5)

A. PROFIT FROM OPERATIONS (continued)

	GROUP		+/(-)
	1Q 2018	1Q 2017*	%
	AU$'000	AU$'000	
Employee share and share option scheme expense	62	176	(64.8)

B. FINANCE COSTS

	GROUP		+/(-)
	1Q 2018	1Q 2017*	%
	AU$'000	AU$'000	
Loans	3,258	4,071	(20.0)
Bank guarantee fees	22	70	(68.6)
Unwinding of earn out payable	-	82	N.M.
Finance leases and hire purchase	17	1	N.M.
Total Finance costs	3,297	4,224	(21.9)

C. INCOME TAX EXPENSE

	GROUP		+/(-)
	1Q 2018	1Q 2017*	%
	AU$'000	AU$'000	
Income tax (expense) / benefit	(87)	183	(147.5)
Withholding tax expense:			
- current year	(267)	-	N.M.
De-recognition of DTA	-	(415)	N.M.
	(354)	(232)	52.6
Income tax expense percentage (%)	11%	11%	
Tax expense relating to continuing operations	(354)	(232)	52.6
Total income tax expense	(354)	(232)	52.6

* Prior periods' consolidated statement of comprehensive income and accompanying notes have been re-presented following fabrication and manufacturing operations in Singapore being classified as discontinued operations. Refer to note 5 for further details.

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 30/09/2017 AU$'000	Group As at 30/06/2017 AU$'000	Company As at 30/09/2017 AU$'000	Company As at 30/06/2017 AU$'000
CURRENT ASSETS				
Cash and cash equivalents	50,801	33,851	82	163
Trade receivables	132,730	133,022	-	-
Other receivables and prepayments	5,385	7,144	589	593
Inventories	3,877	3,096	-	-
Total current assets	**192,793**	**177,113**	**671**	**756**
NON-CURRENT ASSETS				
Property, plant and equipment	86,326	87,420	-	-
Goodwill	10,994	10,994	-	-
Intangible assets	35,530	36,576	-	-
Due from subsidiaries	-	-	83,915	98,895
Investments in subsidiaries	-	-	79,126	79,126
Deferred income tax assets	98	110	-	-
Total non-current assets	**132,948**	**135,100**	**163,041**	**178,021**
Total assets	**325,741**	**312,213**	**163,712**	**178,777**
CURRENT LIABILITIES				
Trade payables	54,187	47,843	-	-
Other payables	80,825	66,826	1,873	2,273
Due to subsidiaries	-	-	8,079	7,996
Borrowings	27,215	44,801	24,911	41,395
Accruals for other liabilities and charges	23,659	19,993	-	-
Current income tax liabilities	771	528	85	153
Total current liabilities	**186,657**	**179,991**	**34,948**	**51,817**
NON-CURRENT LIABILITIES				
Deferred income tax liabilities	1,663	1,871	-	-
Borrowings	106,310	105,893	106,310	105,893
Accruals for other liabilities and charges	1,234	1,160	-	-
Total non-current liabilities	**109,207**	**108,924**	**106,310**	**105,893**
Total liabilities	**295,864**	**288,915**	**141,258**	**157,710**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	158,513	156,285	158,513	156,285
Capital reserve	(163)	(163)	(163)	(163)
Share based payment reserve	5,245	5,183	5,245	5,183
Foreign currency translation reserve	21,082	19,917	26,306	25,009
Retained earnings	(154,800)	(157,924)	(167,447)	(165,247)
Total equity	**29,877**	**23,298**	**22,454**	**21,067**
Total liabilities and equity	**325,741**	**312,213**	**163,712**	**178,777**

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

	30/09/2017		30/06/2017	
	AU$'000	AU$'000	AU$'000	AU$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	27,215	-	44,464	-
Amount repayable after one year	74,422	31,888	74,246	31,984

Borrowings Summary

	30/09/2017	30/06/2017
	AU$'000	AU$'000
Multi Currency Notes	74,422	74,246
DBS Term Loan - USD	13,784	13,944
DBS Short Term Loan - AUD	11,500	13,900
DBS Short Term Bridge Loan - AUD	-	13,551
Shareholder Loan	31,888	31,984
Finance leases	1,931	3,069
Total borrowings	133,525	150,694

Multi Currency Notes

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

On 13 September 2016 the Company commenced the S$110m Noteholder Consent Solicitation Exercise (the "NCSE") to vary the terms of the Notes. On 5 October 2016 the Noteholders voted in favour of the NCSE, and consequently the terms of the Notes were amended as follows with effect from that date:

- an upfront partial redemption of the Notes of S$4.0m was made on 18 November 2016;
- maturity of the Notes has been extended to 20 October 2018, with an option, at the election of the Noteholders, to extend the maturity further to 20 October 2019 upon an Extraordinary Resolution being passed in accordance with the Trust Deed;
- interest will be paid monthly at a rate of 7.95%pa for the year ending 19 October 2017 and 8.45%pa for the year ending 19 October 2018;
- upon redemption of the Notes, a make-whole premium such that the total interest paid for the period from 20 October 2016 to redemption is equal to 9.45%pa of the original principal value of the Notes;
- upon redemption of the Notes pursuant to the sale of the port assets, then 10% of any capital gains (calculated based on the actual costs incurred) valued on such sale would be payable to the Noteholders on a pro-rata basis;
- notes are secured, on a shared first ranking basis, against all property and assets of NT Port and Marine Pty Ltd (previously known as Ezion Offshore Logistics Hub (Tiwi) Pty Ltd) on a fixed and floating basis and 100% of the shares of Ezion Offshore Logistics Hub Pte. Ltd ("EOLH") pursuant to a share charge; and
- financial covenants previously in place with regard to the Notes are removed.

Consistent with the above amendment, at 30 September 2017 the Notes were classified as a non-current liability (30 June 2017: the Notes were classified as a non-current liability) and are secured.

Exchange Offer

On 30 June 2017, the Company announced the settlement of the Exchange Offer and as a result the Company completed the allotment and issue of 482,849,304 new Shares ("Exchange Shares") to Exchanging Noteholders on that date in exchange for S$28,005,265.20 of the Notes. For further details of the Exchange Offer refer to the 2017 Annual Report.

Additional Exchange Offers

On 13 July 2017, the Company announced the completion and issuance of 49,202,971 new ordinary shares at an issue price of S$0.058 to an external party, Suntera Limited, in exchange for the settlement of approximately AU$2.7 million owing by one of the Group's subsidiaries to the aforementioned external party. The financial impact and gain on conversion were recorded in Q1 FY2018.

On 11 September 2017, the Noteholders were further invited to convert notes to equity in the capital of the Company. On 29 September 2017, the Company announced the results of the additional exchange offer, following the closure of the offer period on 28 September 2017, whereby the total exchange consideration of the Notes to be converted to equity will be S$5,310,189.06, in exchange for 91,554,980 new shares in the Company. The new shares will be listed and quoted on the SGX-ST on 2 October 2017, as a result this transaction and any associated gains or losses will be accounted for in Q2 FY2018.

Loans from DBS Bank Ltd

On 1 April 2015, the Company announced that AusGroup Limited had entered into a facility agreement for a US$20m 3 year term loan and AU$76.5m Banker Guarantee facility (drawn down to $30.9m as at June 2017) with DBS Bank Ltd in Singapore. The loan facility was used to refinance the previous facility at a much reduced all-in interest rate, while extending the Group's debt maturity profile to April 2018. As at 30 September 2017, US$10.8m of this balance had been utilised (30 June 2017: US$10.8m). A bi-annual partial repayment of US$1.0m is due in October 2017.

In 3Q FY2016 the Group entered into an AU$30m Short Term loan facility with DBS Bank Ltd. As at 30 September 2017 AU$11.5m of this balance was drawn down (30 June 2017: AU$13.9m). The terms of this short term loan include covenant requirements consistent with that of the Group's other DBS facilities (refer below). Repayment of the short term loan was due at the end of August 2016 and it has been extended on a month by month basis by DBS Bank Ltd. In May 2017, AusGroup Limited entered into discussions with DBS Bank Ltd to convert the loan to a term facility with an expiry date of 31 December 2019. At 30 September 2017, the documentation process of this loan is ongoing and is expected to be concluded in Q2 FY2018. Until this process is finalised this loan is classified as a current liability. Subsequent to the finalization of Q1 FY2018, AusGroup agreed with DBS Bank Limited to utilise AusGroup's restricted cash of AU$8.7m to partially repay the Short Term loan facility. The remaining balance is repayable under an agreed schedule.

In Q4 FY2017 the Group entered into a short-term bridge facility of AU$13.5 million with DBS Bank Ltd (which was fully drawn down at 30 June 2017) with an initial repayment date of 13 August 2017, which was extended to 20 August 2017 and was repaid in full.

Surety bond facility from Vero

The Group holds an AU$30m Surety bond facility with Vero to ensure the Group maintains its bonding capacity for bid bonds, performance bonds and financial guarantees.

Loans from related party (shareholder loan)

In November 2014, loans from Ezion Holdings Limited ("Ezion") (a substantial shareholder of the Company) were acquired by the Group on acquisition of EOLH and Teras Australia Pty Limited ("TAPL") and their subsidiary entities. Under the terms of the sale and purchase agreement as approved by shareholders of both Ezion and the Company, these loans accrue interest at 8% per annum capitalised to the loan balance.

At the Annual General Meeting of the Company held on 15 December 2016, the interest rate payable in relation to the loan was revised to 5% per annum with effect from 1 July 2016. In addition, the Company, EOLH and TAPL entered into a novation agreement with Ezion to transfer the loans and all rights, duties and obligations therewith owing by EOLH and TAPL to the ultimate parent entity, AusGroup Limited, with effect from 1 July 2016.

An extension of six months of the repayment date of the loans was obtained in the current quarter until after 31 December 2018. At 30 September 2017 the amount owing on the loans by the Company to Ezion was AU$31.9m (30 June 2017: AU$32.0m) and is unsecured.

Ezion Loan Capitalisation

On 30 June 2017, the Company announced the completion of the Ezion Loan Capitalisation and the allotment and issue of 140,766,195 new Shares ("Capitalisation Shares") to Ezion on that date in exchange for settlement of US$5,903,000 of the Shareholder Loan with Ezion. As a result, Ezion held 272,821,736 shares and the outstanding amount on the Shareholder Loan reduced from US$30,505,342.07 to US$24,602,342.07 (equivalent to AU$31,984,324.06 at 30 June 2017). For further details of the Ezion Loan Capitalisation refer to the 2017 Annual Report.

Details of secured collateral

Multi Currency Notes

Refer to page 6 of this announcement regarding security that is being pledged against the Multi Currency Notes following the Noteholder vote in favour of the NCSE on 5 October 2016.

DBS Bank Ltd

The following describes the security in issue to DBS Bank Ltd in relation to facilities and borrowings in issue to the Group.

A deed of charge executed by AGC Australia Pty Ltd incorporating an all-monies charge over the fixed deposit account maintained by AGC Australia Pty Ltd with DBS Bank Ltd ("the Lender") for an amount not less than AU$9.9m (30 June 2017: AU$11.9m). A fixed and floating charge executed by AusGroup Ltd, AusGroup Singapore Pte Ltd and Modern Access Services Singapore Pte Ltd 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

Multi Currency Notes

In accordance with the Noteholder vote in favour of the NCSE on 5 October 2016 (as outlined above), the Group renegotiated the terms of the Notes such that the financial covenants previously in place were removed following completion of the securitisation of the Notes referred to on page 6 of this announcement.

<u>DBS Bank Ltd facilities and loans</u>

AusGroup Limited is required to maintain in relation to the Consolidated Group a maximum gearing ratio as well as a maximum secured debt to total assets, a minimum EBITDA to interest cost cover and a minimum net worth (net assets). To note, the EBITDA to interest cost covenant applies only to stipulated test periods as outlined in the facility documents.

The Group is in breach of the maximum gearing ratio and minimum net worth covenants at 30 September 2017. However, waivers for these breaches for Q1 FY2018 have been obtained from DBS Bank Ltd. The Group continues to discuss loans and facilities with DBS Bank Ltd, including financial covenants, to ensure that appropriate facilities are in place based on the Group's forecast business requirements. Under the facilities, the Company and the Group have a negative pledge requirement to ensure that no security is created, or permitted to be created, or have outstanding any security on or over the whole or any part of the respective undertakings, assets, property, revenues or rights to receive dividends, present or future.

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

	GROUP 1Q 2018 AU$'000	GROUP 1Q 2017* AU$'000
Cash flows from operating activities		
(Loss) / profit after taxation	3,124	(2,161)
Add / (less) adjustments for:		
Depreciation of property, plant and equipment	1,719	2,214
Amortisation of intangible assets	947	1,146
Employee share and share option scheme expense	62	176
Net foreign exchange differences	1,143	1,328
Profit on disposal of property, plant and equipment	(152)	(1,752)
Gain on partial debt restructure	(452)	-
Interest income	(219)	(97)
Finance costs	3,297	4,342
Income tax expense	354	232
Operating cash flows before working capital changes	**9,823**	**5,428**
Changes in operating assets and liabilities		
Trade receivables	293	11,992
Other receivables and prepayments	1,759	(5,623)
Inventories	(780)	(207)
Trade payables	8,577	(7,627)
Accruals and other payables	18,183	805
Cash generated from / (used in) operations	**37,855**	**4,768**
Interest paid	(2,309)	(1,440)
Interest received	219	97
Income tax paid	(203)	-
Net cash generated from /(used in) operating activities	**35,562**	**3,425**
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	676	434
Purchase of property, plant and equipment	(2,407)	(551)
Release of restricted cash	2,000	-
Net cash from/(used in) investing activities	**269**	**(117)**

1(c) Consolidated Statement of Cash Flows (continued)	GROUP 1Q 2018 AU$'000	GROUP 1Q 2017* AU$'000
Cash flows from financing activities		
Repayment of finance leases	(1,103)	(226)
Proceeds from borrowings	-	5,433
Repayment of borrowings	(15,951)	(487)
Net cash generated from financing activities	**(17,054)**	**4,720**
Net increase in cash and cash equivalents	**18,777**	**8,028**
Effect of exchange rate changes	173	(37)
Movement in cash and cash equivalents for the period	**18,950**	**7,991**
Cash and cash equivalents at beginning of period	21,951	10,480
Cash and cash equivalents at end of period	**40,901**	**18,471**
Cash and cash equivalents represented by:		
Cash and cash equivalents	50,801	30,086
**Restricted cash	(9,900)	(11,615)
Balance per consolidated statement of cash flows	**40,901**	**18,471**

* Prior periods' consolidated statement of comprehensive income and accompanying notes have been re-presented following fabrication and manufacturing operations in Singapore being classified as discontinued operations. Refer to note 5 for further details.

**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	ACCUMULATED LOSSES	TOTAL	NON-CONTROLLING INTEREST	TOTAL EQUITY
Group	**AU$'000**	**AU$ '000**	**AU$'000**	**AU$'000**	**AU$'000**	**AU$'000**	**AU$'000**	**AU$'000**
1Q 2018								
Balance as at 1 July 2017	156,285	(163)	5,183	19,917	(157,924)	23,298	-	**23,298**
Profit for the period	-	-	-	-	3,124	3,124	-	**3,124**
Other comprehensive income	-	-	-	1,165	-	1,165	-	**1,165**
Transactions with owners in their capacity as owners								
Issue of ordinary shares through partial debt restructure	2,228	-	-	-	-	2,228	-	**2,228**
Share based payment expense	-	-	62	-	-	62	-	**62**
Balance as at 30 September 2017	**158,513**	**(163)**	**5,245**	**21,082**	**(154,800)**	**29,877**	**-**	**29,877**
1Q 2017								
Balance as at 1 July 2016	128,040	(163)	4,395	15,409	(161,449)	(13,768)	(1,099)	**(14,867)**
Loss for the period	-	-	-	-	(2,081)	(2,081)	(80)	**(2,161)**
Other comprehensive income	-	-	-	4,972	-	4,972	32	**5,004**
Share based payment expense	-	-	176	-	-	176	-	**176**
Balance as at 30 September 2016	**128,040**	**(163)**	**4,571**	**20,381**	**(163,530)**	**(10,701)**	**(1,147)**	**(11,848)**
Company								
1Q 2018								
Balance as at 1 July 2017	156,285	(163)	5,183	25,009	(165,247)	21,067	-	**21,067**
Loss for the period	-	-	-	-	(2,200)	(2,200)	-	**(2,200)**
Other comprehensive income	-	-	-	1,297	-	1,297	-	**1,297**
Transactions with owners in their capacity as owners								
Issue of ordinary shares through partial debt restructure	2,228	-	-	-	-	2,228	-	**2,228**
Share based payment expense	-	-	62	-	-	62	-	**62**
Balance as at 30 September 2017	**158,513**	**(163)**	**5,245**	**26,306**	**(167,447)**	**22,454**	**-**	**22,454**
1Q 2017								
Balance as at 1 July 2016	128,040	(163)	4,395	24,615	(166,249)	(9,362)	-	**(9,362)**
Profit for the period	-	-	-	-	2,889	2,889	-	**2,889**
Other comprehensive loss	-	-	-	(909)	-	(909)	-	**(909)**
Share based payment expense	-	-	176	-	-	176	-	**176**
Balance as at 30 September 2016	**128,040**	**(163)**	**4,571**	**23,706**	**(163,360)**	**(7,206)**	**-**	**(7,206)**

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2017	30 June 2017
Number of issued shares		
Opening balance	1,364,047,515	740,432,016
Issuance of shares	49,202,971	623,615,499
Closing balance	1,413,250,486	1,364,047,515

On 13 July 2017, the Company announced the completion and issuance of 49,202,971 new ordinary shares at an issue price of S$0.058 to an external party, in exchange for the settlement of approximately AU$2.7 million owing by one of the Group's subsidiaries to the aforementioned external party.

As at 30 September 2017 there were outstanding options for 119,000 (30 September 2016: 119,000) 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 2017 there were 193,440 (30 September 2016: 216,680) 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 2017, hence, no ordinary shares are expected to be issued under the employee share scheme.

As at 30 September 2017 and 30 September 2016 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 2017	30 June 2017
Number of issued shares	1,413,250,486	1,364,047,515

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.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 2017, except for new and amended FRS and Interpretation to FRS ("INT FRS") that are mandatory for application from 1 July 2017. The adoption of these FRS has no material impact on the Group's and the Company's financial statements.

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

On 23 August 2016, the Company disclosed the closure of Singapore Fabrication and Manufacturing businesses. Hence, Fabrication and Manufacturing operations in Singapore was classified as discontinued operations. In accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations,* prior periods' figures in the consolidated statement of comprehensive income have been re-presented to disclose discontinued operations. The results and cash flow information are presented below.

	1Q 2018	1Q 2017	+/(-)
	AU$'000	AU$'000	%
Results of discontinued operations			
Revenue	-	1,204	N.M.
Cost of sales	(3)	(1,146)	(99.7)
Gross profit	(3)	58	(105.2)
Other operating income	12	1,589	(99.2)
Expenses	(91)	(353)	(74.2)
Profit/(loss) from discontinued operations	(82)	1,294	(106.3)
Finance cost	-	(118)	N.M.
(Loss) / profit before tax from discontinued operations	(82)	1,176	
Income tax expense	-	-	N.M.
Net (loss) / profit from discontinued operations	(82)	1,176	(107.0)
Basic earnings per share (cents)	(0.01)	0.16	(103.8)
Diluted earnings per share (cents)*	-	0.16	N.M.

* Diluted earnings per share for 1Q 2018 is not disclosed as it was anti-dilutive.

	1Q 2018 AU$'000	1Q 2017 AU$'000	+/(-) %
Cash flows from / (used in) discontinued operations			
Net cash used in operating activities	(83)	(4,540)	(98.2)
Net cash generated from investing activities	-	507	N.M.
Net cash generated from / (used in) financing activities	485	4,111	(88.2)
Net cash from discontinued operations	402	78	

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 2018 AU$'000	GROUP 1Q 2017 AU$'000
Profit / (loss) attributable to owners of the Company	3,124	(2,081)
Profit / (loss) attributable to owners of the Company - continuing operations	3,206	(3,257)
Weighted average number of ordinary shares in issue applicable to earnings ('000)	1,374,697	740,432
Fully diluted number of ordinary shares ('000)	1,374,890	740,649
Earnings / (loss) per ordinary share (AU cents)		
- Basic	0.23	(0.28)
- Diluted*	0.23	-

* Diluted earnings per share for 1Q 2017 is not disclosed as it was anti-dilutive.

	GROUP 1Q 2018 AU$'000	GROUP 1Q 2017 AU$'000
Earnings / (loss) per ordinary share (AU cents) - continuing operations		
- Basic	0.23	(0.44)
- Diluted*	0.23	-

* Diluted earnings per share for 1Q 2017 is not disclosed as it was 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	GROUP
	30/09/2017	30/06/2017
	AU$'000	AU$'000
Net assets	29,877	23,298
Net asset value per ordinary share based on issued share capital at the end of the respective periods (AU cents)	2.1	1.6

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 September 2017 of 1,413,250,486 ordinary shares (30 June 2017: 1,364,047,515).

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 Review of Income Statement

Continuing operations
Revenue for the first quarter of FY2018 increased by 53.6% to AU$153.7 million (1Q FY2017: AU$100.1 million) mainly due to increased revenue contributions from the work undertaken on core projects in the energy and process sectors. In addition, these works were the main contributors to Group revenue for the quarter.

Cost of sales for the first quarter of FY2018 increased by 56.3% to AU$142.4 million (1Q FY2017: AU$91.1 million), the reasons for the movement similar to the revenue commentary outlined above.

Gross profit increased by 26.3% to AU$11.4 million for the first quarter of FY2018 (1Q FY2017: AU$9.0 million). Gross profit margin for the first quarter of FY2018 was 7.4%, in line with the gross profit margin of the last quarter FY2017.

Other operating costs combined with administrative expenses and marketing and distribution expenses decreased significantly in the first quarter of FY2018 by 20.4% on a comparable basis to AU$5.5 million (1Q FY2017: AU$7.0 million).

There is a cost saving of AU$1.3 million in the current quarter compared to 1Q FY2017 in relation to consulting and arrangement fees which were incurred regarding the NCSE on the Notes. The fees were subsequently capitalised and amortised over the term of the Notes through finance costs.

The profit before interest and tax for the first quarter of FY2018 was AU$6.4 million, a significant improvement of AU$5.3 million compared to 1Q FY2017.

Finance costs for the first quarter FY2018 were AU$3.3 million, a decrease of 21.9% from 1Q FY2017, mainly as a result of the reduced outstanding balance on the Notes and Shareholder Loan following the debt conversion exercise in Q4 FY2017.

As a result of the debt conversion exercise performed during the quarter (as outlined in Section 1(d)(ii)), the Group recorded a one-off net gain of AU$0.5m.

For details on income tax, please refer to Section 1(a)(ii)C.
For results of discontinued operations, please refer to Section 5.

Net profit after tax for the first quarter FY2018 was AU$3.1 million which is a significant turnaround of over AU$5.2 million compared to the loss of AU$2.2 million in quarter one FY2017.

B Balance Sheet

Assets

Cash and bank balances improved by AU$16.9 million to AU$50.8 million at 30 September 2017, mainly due to increased works on core projects in the energy and process sectors and the resultant improvement in the Group's gross profit position.

Trade receivables balances marginally decreased by AU$0.3 million to AU$132.7 million at 30 September 2017, reflecting the cash received from trade receivables offset by higher volume of work performed in the current quarter and includes receivables for work in progress positions on major projects.

Current other receivables and prepayments balances decreased by AU$1.8 million to AU$5.4 million at 30 September 2017, mainly as a result of unwinding of prepayments and the other receivables recovered in the quarter.

Non-current assets balances remained stable in the quarter.

Liabilities

The trade payables balance increased by AU$6.3 million to AU$54.2 million at 30 September 2017 reflecting the increase in work undertaken in the quarter. This increase is after the reduction in the amount owing to an external party of AU$2.7 million which was settled through the issue of share capital in the Company (refer to Section 1(d)(ii) for details).

Other payables increased by AU$14.0 million to AU$80.8 million mainly due to the timing of settlement of statutory payroll-related liabilities, which will be settled in early Q2 FY2018. Current accruals for other liabilities balances mainly consisted of accruals for annual leave, rostered day off, sick leave and current long service leave. The current balances increased by AU$3.7 million mainly due to an increased workforce required for the work on the core projects in the energy and process sectors. Non-current accruals comprised of long-term long service leave balances.

Total borrowings decreased overall by AU$17.2 million in the quarter to AU$133.5 million mainly due to the full repayment of the short term bridge loan facility (AU$13.5 million). The other items contributing to the reduction in borrowings in the quarter were the AU$2.4 million partial repayment of the short term loan facility (AUD) and regular repayment of finance leases.

As at 30 September 2017, the Group was in a net current assets position of AU$6.1 million and net assets were AU$29.9 million. The Group has sufficient cash resources and banking facilities available to meet the financing needs of its operations, please refer to page 20 for details on going concern.

C Review of Statement of Cash Flows

Operating activities of the Group generated net cash inflows of AU$35.6 million for the first quarter FY2018, an improvement of AU$32.2 million in cash inflows from the corresponding period in FY2017. This increase was due to improvement in the Group's management of its working capital, particularly the inflow of cash from trade receivables and management of trade payables.

For the first quarter FY2018, net cash inflows of AU$0.3 million occurred from investing activities mainly due to the release of restricted cash of AU$2.0 million offset by a similar amount of purchases of property, plant and equipment in the quarter.

In relation to the Group's financing activities, movement in the cash flow constituted repayments of debt facilities outlined above.

As a result of the above activities, the Group recorded an increase in cash and cash equivalents of AU$18.9 million to AU$40.9 million at 30 September 2017. Note this amount includes the effect of the restricted cash of AU$9.9 million for the purposes of the cash flow statement.

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, MAS and NT Port and Marine, we provide maintenance, construction, access services, fabrication and manufacturing and port & marine services. With over 29 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 (Integrated Services)
Our maintenance services include long-term specialist support, campaign shutdowns / turnarounds, refractory and the management of all maintenance services.

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

Access Services (referred to as MAS)
Our access services include scaffolding, engineering and design, labour supply and stock control, logistics, transportation and rope access.

Fabrication and Manufacturing
Our services in this business unit includes manufacturing, fabrication and testing.

Port and Marine Services
Our port and marine business include marine supply bases, port operations and fuel distribution.

Significant Trends & Competitive Conditions

The major themes confronting the industry and the Group:

- Major new LNG construction projects are nearing completion and moving into the long term production phase requiring maintenance services over the +40 year project lives providing long term and sustainable demand for the Group's service offering.
- Industry merger and acquisition activity has led to a consolidation of industry participants as current participants focus on providing longer term maintenance services.
- Increasing levels of domestic and international competition have led to continuing margin pressures creating an associated need to implement significant cost reduction initiatives.
- The use of technology and innovation in project execution is key to embedding long term relationships with clients and delivering ongoing predictable earnings.
- Focus on core strengths and capabilities will underpin the profit generation from the Group's service offering.

Karara Mining Limited ("KML") update

Action is ongoing in the Supreme Court of Western Australia in relation to claims submitted to Karara Mining Limited ("KML") by AGC Industries Pty Limited ("AGCI"), a wholly owned subsidiary of the Group, in relation to its contracted works completed in 2013. On 26 March 2016, AGCI submitted a claim to the court for an amount of AU$23.8 million for amounts AGCI consider due under the contract and several meetings with KML have proved fruitless. The trial for the case was heard in March 2017 and oral closing submissions were heard in June 2017. The decision by the judge is not expected until the first half of CY2018. Included in trade receivables is management's best estimate of the amounts expected to be recovered.

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

The Group, through its wholly owned subsidiary, Teras Global Pte Ltd, is party to legal proceedings in relation to its receivable balance due from Teras Cargo Transport (America) LLC ("TCTA"). The Group chartered one vessel and three barges to TCTA under four different charter-parties.

A Statement of Claim ("SOC") was issued to TCTA on 23 March 2016 in relation to unpaid balances for the one vessel and three barges. TCTA served a Statement of Defence and Counterclaim on 4 May 2016 denying the Group's claim. Further, TCTA alleged that the Group had breached its charter-parties with TCTA as it failed to ensure that the barges were available to perform the charter-parties with TCTA. As a result, TCTA is counterclaiming for a sum related to the loss it has suffered flowing from the Group's alleged breach. The Group denies TCTA's counterclaim.

Subsequent to the counterclaim being received, a settlement was reached in relation to the three barges and the invoices initially claimed by the Group for the three barges were settled. In addition, the Group discovered that there were several unpaid invoices that were not included in the initial claim, so the Group therefore issued an amended SOC on 21 September 2016 to take these changes into account.

The SOC incorporated in the Statement of Claimant's Case has been filed under a matter of arbitration under the International Arbitration Act, with the Group having lodged its Statement of Claimant's Case and amended SOC on 21 September 2016. TCTA have filed their Statement of Defence and Counter-Claim on 11 November 2016. The Group served the amended Statement of Reply on 5 January 2017. Since that date, the arbitration has been proceeded on the basis of a 'documents only' arbitration.

In August 2017, witness statements were provided to the arbitrator. The matter is on-going at the date of this report. Included in trade receivables is management's best estimate of the amounts expected to be recovered.

General

The Group has work in hand to the value of AU$359 million as of 30 September 2017.

The main areas of focus for our business in the short term will rely on our core strengths of providing multi-disciplinary services of scaffolding, insulation, refractory and fabrication services as well as developing our capability in the marine sector through commercialisation of the Port and Marine business.

NT Port and Marine Pty Ltd, a subsidiary of the Company, is completing final commercialisation preparations at the Port Melville facility for the first delivery of fuel for the fuel distribution business anticipated in Q2 FY2018. All assets and property of NT Port and Marine Pty Ltd are secured against the Multi Currency Notes.

The forward pipeline remains solid, with core projects expected to grow in scale and complexity to provide opportunities for organic growth in the energy and process sectors.

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its obligations as and when they fall due.

The Group recognised a net profit after tax of AU$3.1 million for the quarter and as at that date, current assets exceed current liabilities by AU$6.1 million and total assets exceed total liabilities by AU$29.9 million, a vast improvement from the prior quarter. While the Group has breached covenants on its major debt facilities during the quarter ended 30 September 2017, it has received waivers for these breaches by its principal banker.

Renegotiation of debt facilities

The Group discusses its debt arrangements with its principal banker on an ongoing basis. In May 2017, AusGroup Limited entered into discussions with DBS Bank Ltd to convert the Short Term loan to a term facility with an expiry date of 31 December 2019. At 30 September 2017, the documentation process of this loan is ongoing and is expected to be concluded in Q2 FY2018. Until this process is finalised this loan is classified as a current liability. During the quarter AusGroup agreed with DBS Bank Limited to utilise a portion (AU$2.0m) of AusGroup's restricted cash to partially repay the Short Term loan facility.

Subsequent to the finalisation of Q1 FY2018, AusGroup agreed with DBS Bank Limited to utilise an additional portion (AU$8.7m) of AusGroup's restricted cash to partially repay the Short Term loan facility. The remaining balance remains payable under an agreed schedule. In addition, the Group is exploring opportunities to extend its debt facilities.

During the year ended 30 June 2016 the Group had been in breach of a number of the financial covenants attached to the S$110m Multi Currency Notes (the "Notes"). An extension of the maturity date of the Notes facility to 20 October 2018, with an option to extend to 20 October 2019 on the approval of the Noteholders, together with the removal of the financial covenant requirements was approved by the Noteholders on 5 October 2016.

In relation to facilities from its principal banker, the Group is in the process of agreeing appropriate covenants with its principal banker going forward. However, the Group has received a waiver from its principal banker for Quarter 1, Quarter 2, Quarter 3 and Quarter 4 of the 2017 financial year and Quarter 1 of the 2018 financial year.

In addition, the Group has on issue loans from Ezion Holdings Limited ("Ezion"), a significant shareholder of the Group, which are currently due to be repaid after 31 December 2018. The interest rate applicable to these loans were reduced from 8% to 5% per annum, as agreed by the Group and Ezion.

Port and Marine services

NT Port and Marine CGU (Cash Generating Unit), is completing final commercialisation preparations at the Port Melville facility for the first delivery of fuel for the fuel distribution business anticipated in Q2 FY2018.

The expansion of the port activities, including fuel distribution and logistical support to the oil and gas exploration sector, is currently being developed to enhance the service offerings of this business.

Management's plans to address these uncertainties

In considering the cash requirements for NT Port and Marine's expansion into the provision of fuel distribution and the resultant impact on the current debt profile of the Group it was critical for the Group to assess the potential options for the Group to service, repay and potentially restructure the debt position going forward. As part of the assessment of going concern, management has also reviewed the Group's cash flow forecasts over the period to 31 December 2018, including sensitivities such as the slower take-up of revenues from the Port and Marine CGU. These forecasts represent management's best estimate of revenues and costs in the coming periods. As well as cash inflows from work already awarded to the Group, these forecasts include growth expected from the Group's existing contracts and client base. In addition, there are some amounts included in forecast cash flows which relate to winning work from new and existing clients through a competitive tender process and whilst uncertain, management remains confident that sufficient new work will be secured in order to meet the Group's targets.

The Group's cash flow forecasts may not be sufficient to support the repayment of the Note facility, which will be due on 20 October 2018 and, therefore the Group has also assessed the position of the Notes. In addition, the Group has an alternative at the election of the Noteholders, to defer maturity of the Notes to 20 October 2019 upon an Extraordinary Resolution of shareholders being passed in accordance with the Trust Deed. In the event that the Notes are not extended, the Group will need to consider the options available to extinguish this liability, which will involve a restructure of the Notes including the potential conversion of Notes to equity, a refinancing of the Notes and options over the potential divestment of assets or businesses which may be realised to extinguish the Group's debt obligations. On 11 September 2017, the Noteholders were further invited to convert notes to equity in the capital of the Company. The offer was accepted on 29 September 2017 with S$5,310,189.06 of Notes to be converted to equity, however, the formal completion and issue of ordinary shares will occur in early Q2 FY2018.

Management has assessed the options available in order to ensure that sufficient cash flow is in place to enable the Group to meet its obligations as they fall due. There are a number of options that the Group is considering which, amongst others, include the potential for some of the Group's current debt providers to convert their debt to equity which has the dual impact of reducing the liability position and reducing the cash outflows from debt servicing after conversion, the potential for raising new equity and the potential divestment of the Group's assets/businesses over the forecast period. The success of the debt to equity processes completed in June 2017, July 2017 and September 2017 which reduced debt by AU$41.8 million, demonstrates the ability of the Group to implement balance sheet restructuring solutions to strengthen the balance sheet and reduce ongoing interest expenses thereby improving the going concern position of the Group. The Group is also in ongoing discussions with its principal banker regarding appropriate debt facilities going forward. In May 2017, the Group agreed with its principal banker to convert a short-term loan to a term facility with an expiry date of 31 December 2019, however this is in the process of being securitized. Subsequent to the finalization of Q1 FY2018 AusGroup agreed with DBS Bank Limited to utilise AusGroup's restricted cash of $AU8.7m to partially repay the Short Term loan facility. The remaining balance is repayable under an agreed schedule.

<u>Preparation of the financial report on a going concern basis</u>

As a result of the matters outlined above, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, after assessing the above factors the directors consider that the Group continues to be able to meet its obligations as and when they fall due based on:

- the forecasted cashflow from the Group including the expected revenue from existing customers and contracts, the expected growth in cashflow from existing customers and contracts and the expected successful conversion of current market tendering opportunities into future revenues;
- the potential to defer maturity of the Notes by 12 months to 20 October 2019 at the election of the Noteholders;
- the current and potential funding facilities available to the Group;
- alternatives for the Group to restructure and potentially extend its current debt facilities and the initiatives being pursued, which may include a further conversion of some of these debts to equity;
- the forecasted cashflow being sufficient to service and potentially reduce the Group's debt position over the period to December 2018;
- the ability to continue to obtain support in relation to the shareholder loan due after 31 December 2018 from a substantial shareholder of the Company; and
- the potential options over the potential divestment of assets or businesses which may be realised to extinguish the Group's debt obligations.

Accordingly, the directors have prepared the report on a going concern basis based on the return to profitability which is expected to continue through FY2018 and into FY2019.

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 first quarter of FY2018 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 first quarter of FY2018 (excluding transactions less than S$100,000)
Ezion Holdings Limited (expense)	N/A	*AUD$392,713

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

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.

15. 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

Shane Francis Kimpton
CEO and Executive Director

Eng Chiaw Koon
Managing Director

7 November 2017

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.