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

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

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

	GROUP		+/(-)	GROUP		+/(-)
	3Q 2018	3Q 2017	%	9M 2018	9M 2017	%
	AU$'000	AU$'000		AU$'000	AU$'000	
Continuing operations						
Revenue	136,273	107,441	26.8	440,183	313,807	40.3
Cost of sales	(126,029)	(91,677)	37.5	(407,350)	(278,629)	46.2
Gross profit	**10,244**	**15,764**	(35.0)	**32,833**	**35,178**	(6.7)
Gross margin	**7.5%**	**14.7%**		**7.5%**	**11.2%**	
Other operating income	295	190	55.3	605	1,180	(48.7)
Other operating costs	(1,757)	(4,166)	(57.8)	(7,069)	(9,174)	(22.9)
Administrative expenses	(1,584)	(3,514)	(54.9)	(5,437)	(12,275)	(55.7)
Marketing and distribution expenses	(556)	(170)	227.1	(1,132)	(921)	22.9
Profit from operations	**6,642**	**8,104**	(18.0)	**19,800**	**13,988**	41.5
Finance costs	(2,737)	(4,701)	(41.8)	(9,346)	(12,658)	(26.2)
Net gain on partial debt restructure	-	-	N.M.	1,313	-	N.M.
Profit before income tax	**3,905**	**3,403**	14.8	**11,767**	**1,330**	N.M.
Income tax expense	(301)	(359)	(16.2)	(871)	(666)	30.8
Profit from continuing operations	3,604	3,044	18.4	10,896	664	N.M.
Discontinued operations						
(Loss) / profit from discontinued operations, net of tax	(66)	233	N.M.	(167)	1,546	N.M.
Net profit for the period	**3,538**	**3,277**	8.0	**10,729**	**2,210**	N.M.
Net profit %	**2.6%**	**3.1%**		**2.4%**	**0.7%**	
Profit / (loss) attributable to:						
Owners of the Company	3,538	3,347	5.7	10,729	2,372	N.M.
Non-controlling interests	-	(70)	N.M.	-	(162)	N.M.
	3,538	**3,277**	8.0	**10,729**	**2,210**	N.M.
Profit / (loss) attributable to the owners of the Company:						
Profit from continuing operations	3,604	3,114	15.7	10,896	826	N.M.
(Loss) / profit from discontinued operations	(66)	233	(128.3)	(167)	1,546	N.M.
	3,538	3,347	5.7	**10,729**	2,372	N.M.
Earnings / (loss) per ordinary share attributable to equity holders of the Company (AU$ cents per share)						
- basic	0.24	0.45	(45.8)	0.74	0.32	131.9
- diluted	0.24	0.45	(45.8)	0.74	0.32	131.9

N.M. - Not meaningful

1(a) (i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	GROUP		+/(-)	GROUP		+/(-)
	3Q 2018	3Q 2017	%	9M 2018	9M 2017	%
	AU$'000	AU$'000		AU$'000	AU$'000	
Profit for the period	3,538	3,277	8.0	10,729	2,210	N.M.
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences	(2,068)	(1,659)	24.7	(5,715)	5,193	N.M.
Other comprehensive (loss) / income for the period	(2,068)	(1,659)	24.7	(5,715)	5,193	N.M.
Total comprehensive income for the period	**1,470**	**1,618**	(9.1)	**5,014**	**7,403**	(32.3)
Total comprehensive (loss) / income attributable to:						
Owners of the Company	1,470	1,626	(9.6)	5,014	7,528	(33.4)
Non-controlling interests	-	(8)	N.M.	-	(125)	N.M.
	1,470	1,618	(9.1)	5,014	7,403	(32.3)

1(a)(ii) NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

A. PROFIT/(LOSS) FROM OPERATIONS

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

	GROUP		+/(-)	GROUP		+/(-)
	3Q 2018	3Q 2017	%	9M 2018	9M 2017	%
	AU$'000	AU$'000		AU$'000	AU$'000	
Other operating income						
Interest income	126	77	63.6	462	165	180.0
(Loss) / profit on sale of property, plant and equipment	52	22	136.4	(518)	274	N.M.
Other income	190	(191)	N.M.	685	370	85.1
Foreign exchange (loss) / gain	(73)	282	N.M.	(24)	371	N.M.
Total other operating income	**295**	**190**	55.3	**605**	**1,180**	(48.7)
Amortisation and depreciation						
Depreciation of property, plant & equipment included in cost of sales	2,017	2,281	(11.6)	5,968	7,041	(15.2)
Amortisation of intangible assets included in cost of sales	236	105	124.8	711	527	34.9
Depreciation of property, plant & equipment included in administrative expenses	145	122	18.9	433	366	18.3
Amortisation of intangible assets included in administrative expenses	331	653	(49.3)	1,054	1,647	(36.0)
Total amortisation and depreciation	**2,729**	**3,161**	(13.7)	**8,166**	**9,581**	(14.8)

1(a) (ii) NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

A. PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)

	GROUP		+/(-)	GROUP		+/(-)
	3Q 2018	3Q 2017	%	9M 2018	9M 2017	%
	AU$'000	AU$'000		AU$'000	AU$'000	
Employee share and share option scheme expense	64	144	(55.6)	190	632	(69.9)

B. FINANCE COSTS

	GROUP		+/(-)	GROUP		+/(-)
	3Q 2018	3Q 2017	%	9M 2018	9M 2017	%
	AU$'000	AU$'000		AU$'000	AU$'000	
Loans	2,736	4,654	(41.2)	9,289	12,526	(25.8)
Bank guarantee fees	(16)	47	N.M.	7	130	(94.6)
Finance leases and hire purchase	17	0	N.M.	50	2	N.M.
Total finance costs	**2,737**	**4,701**	(41.8)	**9,346**	**12,658**	(26.2)

C. INCOME TAX EXPENSE

	GROUP			GROUP		
	3Q 2018	3Q 2017		9M 2018	9M 2017	
	AU$'000	AU$'000		AU$'000	AU$'000	
Income tax expense	-	(273)	N.M.	(62)	(417)	(85.2)
Withholding tax expense:						
- current year	(301)	-	N.M.	(809)	-	N.M.
De-recognition of DTA	-	(86)	N.M.	-	(249)	N.M.
	(301)	**(359)**	(16.2)	**(871)**	**(666)**	30.7
Income tax expense percentage (%)	7.7%	10.5%		7.4%	50.0%	
Tax expense relating to continuing operations	(301)	(359)	(16.2)	(871)	(666)	30.7
Total income tax expense	**(301)**	**(359)**	(16.2)	**(871)**	**(666)**	30.7

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	Group	Company	Company
	As at	As at	As at	As at
	31/03/2018	30/06/2017	31/03/2018	30/06/2017
	AU$'000	AU$'000	AU$'000	AU$'000
CURRENT ASSETS				
Cash and cash equivalents	24,631	33,851	145	163
Trade receivables	123,849	133,022	-	-
Other receivables and prepayments	8,620	7,144	704	593
Inventories	4,836	3,096	-	-
Total current assets	**161,936**	**177,113**	**849**	**756**
NON-CURRENT ASSETS				
Property, plant and equipment	83,218	87,420	-	-
Goodwill	10,994	10,994	-	-
Intangible assets	34,673	36,576	-	-
Due from subsidiaries	-	-	73,539	98,895
Investments in subsidiaries	-	-	82,798	79,126
Deferred income tax assets	481	110	-	-
Total non-current assets	**129,366**	**135,100**	**156,337**	**178,021**
Total assets	**291,302**	**312,213**	**157,186**	**178,777**
CURRENT LIABILITIES				
Trade payables	45,180	47,843	-	-
Other payables	56,678	66,826	1,656	2,273
Due to subsidiaries	-	-	8,230	7,996
Borrowings	89,716	44,801	86,850	41,395
Accruals for other liabilities and charges	25,909	19,993	-	-
Current income tax liabilities	2,533	528	327	153
Total current liabilities	**220,016**	**179,991**	**97,063**	**51,817**
NON-CURRENT LIABILITIES				
Deferred income tax liabilities	1,866	1,871	-	-
Borrowings	33,072	105,893	33,072	105,893
Accruals for other liabilities and charges	1,484	1,160	-	-
Total non-current liabilities	**36,422**	**108,924**	**33,072**	**105,893**
Total liabilities	**256,438**	**288,915**	**130,135**	**157,710**
EQUITY				
Capital and reserves attributable to equity				
Share capital	162,647	156,285	162,647	156,285
Capital reserve	(163)	(163)	(163)	(163)
Share-based payment reserve	5,373	5,183	5,373	5,183
Foreign currency translation reserve	14,202	19,917	26,923	25,009
Accumulated losses	(147,195)	(157,924)	(167,729)	(165,247)
Total equity	**34,864**	**23,298**	**27,051**	**21,067**
Total liabilities and equity	**291,302**	**312,213**	**157,186**	**178,777**

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

	31/03/2018		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	89,716	-	44,801	-
Amount repayable after one year	-	33,072	73,909	31,984

Borrowings Summary

	31/03/2018	30/06/2017
	AU$'000	AU$'000
Multi Currency Notes	73,425	74,246
DBS Term Loan - USD	12,646	13,944
DBS Short Term Loan - AUD	780	13,900
DBS Short Term Bridge Loan - AUD	-	13,551
Shareholder Loan	33,072	31,984
Insurance funding / finance leases	2,865	3,069
Total borrowings	122,788	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.

At 31 March 2018 the Notes were classified as a current liability (30 June 2017: the Notes were classified as a non-current liability) and are secured.

On 9 May 2018 the Company announced that the first informal meeting with the Noteholders to discuss the Consent Solicitation Exercise would take place on 16 May 2018.

Exchange Offers

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 of the Notes. For further details of the Exchange Offer refer to the 2017 Annual Report.

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 converted to equity were S$5,310,189, in exchange for 91,554,980 new shares in the Company. The new shares were listed and quoted on the SGX-ST on 2 October 2017, as a result this transaction and the associated gain on conversion were recorded in Q2 FY2018.

<u>Loans from DBS Bank Ltd</u>

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 AU$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 31 March 2018, US$9.8m (equivalent to AU$12.7m) of this balance had been utilised (30 June 2017: US$10.8m (equivalent to AU$13.9m)). Final repayment of the loan was originally due in April 2018 however extended repayment terms were negotiated with the Bank that allowed for US$1.0m to be repaid over the five months from April 2018, with a final repayment of US$8.8m in September 2018.

In 3Q FY2016 the Group entered into an AU$30m Short Term loan facility with DBS Bank Ltd. As at 31 March 2018 AU$0.8m 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). 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. During Q1 FY 2018, AusGroup agreed with DBS Bank Limited to utilise AusGroup's restricted cash of AU$2.0m and in Q2 FY 2018 AU$8.7m of restricted cash was used to partially repay the Short Term loan facility. During 9M 2018 AU$1.6m was repaid and a further AU$0.8m applied against the loan from sale of fixed assets. The remaining balance of AU$0.8m will be fully repaid by May 2018.

<u>Surety bond facility from Vero</u>

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.

<u>Loans from related party (shareholder loan)</u>

The repayment date of loans from Ezion Holdings Limited ("Ezion") are until after 30 June 2019 hence the loans are classified as non-current. At 31 March 2018 the amount owing on the loans by the Company to Ezion was AU$33.1m (30 June 2017: AU$32.0m) and are 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 to US$24,602,342 (equivalent to AU$31,984,324 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 pledged against the 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$1.25m (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.

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.

DBS Bank Ltd facilities and loans

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 31 March 2018. However, waivers for these breaches for Q1, Q2 and Q3 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 3Q 2018 AU$'000	GROUP 3Q 2017 AU$'000	GROUP 9M 2018 AU$'000	GROUP 9M 2017 AU$'000
Cash flows from operating activities				
Profit after taxation	3,538	3,277	10,729	2,210
Add / (less) adjustments for:				
Depreciation of property, plant and equipment	2,162	2,403	6,401	7,600
Amortisation of intangible assets	567	758	1,764	2,068
Employee share and share option scheme expense	64	144	190	632
Impairment loss on trade receivables	-	1,845	-	1,922
Allowance for foreseeable contract losses	-	(1,954)	-	(1,954)
Net foreign exchange differences	(523)	(699)	(2,572)	(1,900)
(Profit) / loss on disposal of property, plant and equipment	(52)	(47)	518	(2,238)
Gain on partial debt restructure	-	-	(1,313)	-
Interest income	(126)	(77)	(462)	(165)
Finance costs	2,737	4,722	9,346	12,877
Income tax expense	301	359	871	666
Operating cash flows before working capital changes	**8,668**	**10,731**	**25,472**	**21,718**
Changes in operating assets and liabilities				
Trade receivables	(2,419)	(842)	9,172	14,672
Other receivables and prepayments	(6)	11,179	(1,476)	6,635
Inventories	522	(173)	(1,741)	(683)
Trade payables	(5,057)	(3,294)	(298)	(9,322)
Accruals and other payables	(3,851)	(8,991)	(2,502)	(3,934)
Provisions	-	(8,794)	-	(8,794)
Cash (used in) / generated from operations	**(2,143)**	**(184)**	**28,627**	**20,292**
Interest paid	(2,265)	(5,286)	(7,011)	(11,393)
Interest received	126	77	462	165
Income tax paid	(317)	(26)	(766)	(577)
Net cash (used in) / generated from operating activities	**(4,599)**	**(5,419)**	**21,312**	**8,487**
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	157	2,562	1,842	4,394
Purchase of property, plant and equipment	(377)	(1,413)	(3,776)	(3,475)
Release of / (increase in) restricted cash	-	-	10,650	(285)
Purchase of intangible assets	-	-	-	(387)
Net cash (used in) / generated from investing activities	**(220)**	**1,149**	**8,716**	**247**

1(c) Consolidated Statement of Cash Flows (continued)

	GROUP	GROUP	GROUP	GROUP
	3Q 2018	3Q 2017	9M 2018	9M 2017
	AU$'000	AU$'000	AU$'000	AU$'000
Cash flows from financing activities				
Repayment of finance leases	(4,443)	(1,298)	(6,533)	(2,877)
Proceeds from borrowings - insurance funding	2,094	-	5,992	7,296
Repayment of borrowings	(1,586)	(2,610)	(27,966)	(7,621)
Net cash (used in) / generated from financing activities	**(3,935)**	**(3,908)**	**(28,507)**	**(3,202)**
Net (decrease) / increase in cash and cash equivalents	**(8,754)**	**(8,178)**	**1,521**	**5,532**
Effect of exchange rate fluctuations on cash held	(90)	(3)	(91)	(47)
Net (decrease) / increase in cash held	**(8,844)**	**(8,181)**	**1,430**	**5,485**
Cash and cash equivalents at beginning of period	32,225	24,146	21,951	10,480
Cash and cash equivalents at end of period	**23,381**	**15,965**	**23,381**	**15,965**
Cash and cash equivalents represented by				
Cash and bank balances	24,631	27,865	24,631	27,865
*Restricted cash	(1,250)	(11,900)	(1,250)	(11,900)
Total cash and cash equivalents at end of period	**23,381**	**15,965**	**23,381**	**15,965**

* Restricted cash 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

Group	SHARE CAPITAL AU$'000	CAPITAL RESERVE AU$ '000	SHARE-BASED PAYMENT RESERVE AU$'000	FOREIGN CURRENCY TRANSLATION RESERVE AU$'000	ACCUMULATED LOSSES AU$'000	TOTAL AU$'000	NON-CONTROLLING INTERESTS AU$'000	TOTAL EQUITY AU$'000
9M 2018								
Balance as at 1 July 2017	156,285	(163)	5,183	19,917	(157,924)	23,298	-	**23,298**
Profit for the period	-	-	-	-	7,191	7,191	-	**7,191**
Other comprehensive (loss)	-	-	-	(3,647)	-	(3,647)	-	**(3,647)**
Issue of ordinary shares through partial debt restructure	6,362	-	-	-	-	6,362	-	**6,362**
Share-based payment expense	-	-	126	-	-	126	-	**126**
Balance as at 31 December 2017	**162,647**	**(163)**	**5,309**	**16,270**	**(150,733)**	**33,330**	**-**	**33,330**
Profit for the period	-	-	-	-	3,538	3,538	-	**3,538**
Other comprehensive (loss)	-	-	-	(2,068)	-	(2,068)	-	**(2,068)**
Share-based payment expense	-	-	64	-	-	64	-	**64**
Balance as at 31 March 2018	**162,647**	**(163)**	**5,373**	**14,202**	**(147,195)**	**34,864**	**-**	**34,864**
9M 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	-	-	-	-	(975)	(975)	(92)	**(1,067)**
Other comprehensive income	-	-	-	6,877	-	6,877	(25)	**6,852**
Share-based payment expense	-	-	488	-	-	488	-	**488**
Balance as at 31 December 2016	**128,040**	**(163)**	**4,883**	**22,286**	**(162,424)**	**(7,378)**	**(1,216)**	**(8,594)**
Profit / (loss) for the period	-	-	-	-	3,347	3,347	(70)	**3,277**
Other comprehensive income / (loss)	-	-	-	(1,721)	-	(1,721)	62	**(1,659)**
Share-based payment expense	-	-	144	-	-	144	-	**144**
Balance as at 31 March 2017	**128,040**	**(163)**	**5,027**	**20,565**	**(159,077)**	**(5,608)**	**(1,224)**	**(6,832)**

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

Company	SHARE CAPITAL AU$'000	CAPITAL RESERVE AU$'000	SHARE-BASED PAYMENT RESERVE AU$'000	FOREIGN CURRENCY TRANSLATION RESERVE AU$'000	ACCUMULATED LOSSES AU$'000	TOTAL EQUITY AU$'000
9M 2018						
Balance as at 1 July 2017	156,285	(163)	5,183	25,009	(165,247)	21,067
Loss for the period	-	-	-	-	(1,365)	(1,365)
Other comprehensive income	-	-	-	1,723	-	1,723
Issue of ordinary shares through partial debt restructure	6,362	-	-	-	-	6,362
Share-based payment expense	-	-	126	-	-	126
Balance as at 31 December 2017	**162,647**	**(163)**	**5,309**	**26,732**	**(166,612)**	**27,913**
Loss for the period	-	-	-	-	(1,117)	(1,117)
Other comprehensive income	-	-	-	191	-	191
Share-based payment expense	-	-	64	-	-	64
Balance as at 31 March 2018	**162,647**	**(163)**	**5,373**	**26,923**	**(167,729)**	**27,051**
9M 2017						
Balance as at 1 July 2016	128,040	(163)	4,395	24,615	(166,249)	(9,362)
Loss for the period	-	-	-	-	(336)	(336)
Other comprehensive loss	-	-	-	(12,425)	-	(12,425)
Share-based payment expense	-	-	488	-	-	488
Balance as at 31 December 2016	**128,040**	**(163)**	**4,883**	**12,190**	**(166,585)**	**(21,635)**
Profit for the period	-	-	-	-	1,046	1,046
Other comprehensive income	-	-	-	1,441	-	1,441
Share-based payment expense	-	-	144	-	-	144
Balance as at 31 March 2017	**128,040**	**(163)**	**5,027**	**13,631**	**(165,539)**	**(19,004)**

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

	31 March 2018	31 March 2017
Number of issued shares		
Opening balance	1,504,805,466	740,432,016
Issuance of shares	-	-
Closing balance	1,504,805,466	740,432,016

On 29 September 2017, the Company announced the results of the exchange offer and, on 2 October 2017 the issuance, of 91,554,980 new ordinary shares at an issue price of S$0.058 to Noteholders, in exchange for the settlement of approximately S$5.3 million owing on the Multi Currency Notes. Refer to item 1(b)(ii) above for further details.

As at 31 March 2018 there were no outstanding options (31 March 2017: 119,000) for unissued ordinary shares under the employee share option scheme.

As at 31 March 2018 there were no outstanding rights (31 March 2017: 216,680) that may potentially be converted to shares under the employee share scheme. No ordinary shares are expected to be issued under the employee share scheme as the Group did not meet the relevant Total Shareholder Return targets (Total Shareholder Return is based on a comparable peer group).

As at 31 March 2018 and 31 March 2017 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

	31 March 2018	30 June 2017
Number of issued shares	1,504,805,466	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 neither been audited nor reviewed.

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 adoption of new and amended FRS and Interpretation to FRS ("INT FRS") which are effective for the financial period commencing 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.

	3Q 2018	3Q 2017	+/(-)	9M 2018	9M 2017	+/(-)
	AU$'000	AU$'000	%	AU$'000	AU$'000	%
Results of discontinued operations						
Revenue	-	288	N.M.	-	1,843	N.M.
Cost of sales	(3)	982	(100.3)	(8)	(2,288)	(99.7)
Gross (loss) / profit	(3)	1,270	(100.2)	(8)	(445)	(98.2)
Other operating income	-	236	N.M.	13	2,522	(99.5)
Expenses	(63)	(1,250)	(95.0)	(172)	(299)	(42.5)
(Loss) / profit from discontinued operations	(66)	256	N.M.	(167)	1,778	N.M.
Finance cost	-	(23)	N.M.	-	(232)	N.M.
(Loss) / profit before tax from discontinued operations	(66)	233	N.M.	(167)	1,546	N.M.
Income tax expense	-	-	N.M.	-	-	N.M.
Net (loss) / profit from discontinued operations	(66)	233	N.M.	(167)	1,546	N.M.
Basic earnings per share (AU$ cents per share)	0.00	0.03	N.M.	0.00	0.21	N.M.
Diluted earnings per share (AU$ cents per share)	0.00	0.03	N.M.	0.00	0.21	N.M.

	3Q 2018	3Q 2017	+/(-)	9M 2018	9M 2017	+/(-)
	AU$'000	AU$'000	%	AU$'000	AU$'000	%
Cash flows (used in) / from discontinued operations						
Net cash used in operating activities	(709)	(1,397)	(49.2)	(863)	(6,737)	(87.2)
Net cash generated from / (used in) investing activities	-	1,986	N.M.	-	3,321	N.M.
Net cash inflow / (outflow) from financing activities	712	(909)	N.M.	858	3,247	(73.6)
Net cash flows from / (used in) discontinued	3	**(320)**	N.M.	(5)	**(169)**	(97.0)

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	GROUP	GROUP	GROUP
	3Q 2018	3Q 2017	9M 2018	9M 2017
	AU$'000	AU$'000	AU$'000	AU$'000
Profit attributable to owners of the Company	3,538	3,347	10,729	2,372
Profit attributable to owners of the Company - continuing operations	3,604	3,114	10,896	826
Weighted average number of ordinary shares in issue applicable to earnings ('000)	1,444,381	740,432	1,444,381	740,432
Fully diluted number of ordinary shares ('000)	1,444,381	740,649	1,444,381	740,649
Earnings / (loss) per ordinary share (AU cents)				
- Basic	0.24	0.45	0.74	0.32
- Diluted	0.24	0.45	0.74	0.32
Earnings / (loss) per ordinary share (AU cents) - continuing operations				
- Basic	0.25	0.42	0.75	0.11
- Diluted	0.25	0.42	0.75	0.11

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/(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	COMPANY	COMPANY
	31/03/2018	30/06/2017	31/03/2018	30/06/2017
	AU$'000	AU$'000	AU$'000	AU$'000
Net assets	34,864	23,298	27,051	21,067
Net asset value per ordinary share based on issued share capital at the end of the respective periods (AU cents)	2.3	1.7	1.8	1.5

Net asset value per ordinary share is calculated based on 1,504,805,466 ordinary shares as at 31 March 2018 (30 June 2017: 1,364,047,515 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 <u>Review of Income Statement</u>

<u>Continuing operations</u>
Revenue for the third quarter of FY2018 increased by 26.8% quarter on quarter (QoQ) to AU$136.3 million (3Q FY2017: AU$107.4 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 third quarter of FY2018 increased by 37.5% QoQ to AU$126.0 million (3Q FY2017: AU$91.7 million), the reasons for the movement are similar to the revenue commentary outlined above.

Gross profit for the third quarter of FY2018 decreased by 35.0% QoQ to AU$10.2 million (3Q FY2017: AU$15.8 million), due to the release of project provisions after finalisation of a contract in the comparable quarter (3Q FY2017). Gross profit margin for the third quarter of FY2018 was 7.5%, in line with the gross profit margin of the previous quarter (2Q FY2018: 7.5%).

The other operating income in the quarter is mainly attributed to interest received and bad debts recovered. Other operating costs combined with administrative expenses and marketing and distribution expenses decreased significantly in the third quarter of FY2018 by 50.4% QoQ on a comparable basis to AU$3.9 million (3Q FY2017: AU$7.8 million).

The profit before interest and tax for the third quarter of FY2018 was AU$6.6 million, a decrease of 18.0% compared to 3Q FY2017 (AU$8.1 million).

Finance costs for 3Q FY2018 was AU$2.7 million, a decrease of 41.8% from 3Q FY2017, mainly attributed to the reduced outstanding balance on the Notes and Shareholder Loan following the debt conversion exercises in 4Q FY2017, 1Q FY2018 and 2Q FY2018.

As a result of the debt conversion exercises performed since 4Q 2017 (as outlined in Section 1(d)(ii)), the Group recorded during 9M FY2018 a net gain of AU$1.3m.

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 3Q FY2018 was AU$3.5 million, a slight improvement of AU$0.3 million from the result in 3Q FY2017.

B **<u>Review of Balance Sheet</u>**

Assets

Cash and bank balances decreased to AU$24.6 million at 31 March 2018, mainly due to reduction of existing debt and the associated operational costs for the NT Port and Marine business.

Trade receivables balance decreased significantly by AU$9.2 million since 30 June 2017 to AU$123.8 million at 31 March 2018, reflecting the cash received in the current quarter from work in progress positions on major projects in the prior quarter.

Current other receivables and prepayments balance increased by AU$1.5 million to AU$8.6 million at 31 March 2018, mainly as a result of the prepayment for the annual insurance renewal.

Inventories increased by AU$1.7 million since 30 June 2017 primarily representing the purchase of fuel for the NT Port and Marine business.

Other than the disposal of the property in Karratha WA, the non-current assets balance remained relatively stable since 4Q 2017.

Liabilities

The trade payables balance decreased by AU$2.7 million since 30 June 2017 to AU$45.2 million at 31 March 2018.

Other payables decreased by AU$10.1 million since 30 June 2017 to AU$59.6 million mainly due to the settlement of statutory payroll-related liabilities. Current accruals for other liabilities balance mainly consisted of accruals for annual leave, rostered day off, sick leave and current long service leave. The current accrual balance increased by AU$5.9 million from 30 June 2017 mainly due to an increased workforce required for the work on the core projects in the energy and process sectors. Non-current accruals comprised long-term long service leave balance.

Total borrowings decreased overall by AU$27.9 million since 30 June 2017 to AU$122.8 million mainly due to the full repayment of the short term bridge loan facility (AU$13.5 million) and the partial repayment of the AUD short term loan facility (AU$13.1 million). The other item contributing to the reduction in borrowings was the debt conversion exercise completed in the previous quarter (Q2 FY2018) reducing the outstanding balance on the Notes by AU$5.2 million. However, this reduction has been offset by the adverse effect of movements in foreign exchange rates.

As at 31 March 2018, the Group was in a net current liability position of AU$58.1 million and net assets were AU$34.9 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.

A contingent liability exists at balance date in relation to the entry into subscription agreements for issue of ordinary shares that was announced by the Company on 29 March 2018. Under the terms of the subscription agreements in the event that the proposed subscription is terminated, the Company shall pay a break fee of S$2,250,000 to AOC Acquisitions Pte Ltd, a subscriber to the proposed subscription.

C **<u>Review of Statement of Cash Flows</u>**

Operating activities of the Group generated net cash inflows of AU$21.3 million for 9M 2018, an improvement of AU$12.8 million in cash inflows from 9M 2017. This increase was due to improved profitability and the Group's management of its working capital, particularly the inflow of cash from trade receivables and management of trade payables.

Net cash inflows of AU$8.8 million occurred from investing activities in 9M 2018 due to the release of restricted cash of AU$10.6 million offset by a net outflow of AU$1.9 million from disposals and purchases of property, plant and equipment in the period.

In relation to the Group's financing activities, movement in the cash flow for 9M 2018 mainly constituted repayments of debt facilities as outlined above.

As a result of the above activities, the Group recorded an increase in cash and cash equivalents of AU$1.4 million to AU$23.4 million at 31 March 2018. Note this amount includes the effect of the restricted cash balance of AU$1.3 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

<u>Maintenance Services (Integrated Services)</u>
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. The decision by the judge is still pending. 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. For details on this matter please refer to previous announcements.

In December 2017, an award was made by the arbitrator in favour of Teras Global Pte Ltd. 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$277 million as at 31 March 2018.

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

NT Port and Marine Pty Ltd, a subsidiary of the Company, completed its commercialisation preparations through fuel sales at the Port Melville facility following the successful first delivery of fuel received in the previous quarter for the fuel distribution business. All assets and property of NT Port and Marine Pty Ltd are secured against the Multi Currency Notes.

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

On 2 June 2017 the Singapore Exchange Securities Trading Limited (the "SGX-ST") notified the Company that pursuant to the Minimum Trading Price ("MTP") Entry Criteria under the SGX-ST's Listing Manual Rule 1311(2), it will be placed on the watch-list. Listing Manual Rule 1315 requires the Company to take active steps to meet the requirements of Listing Rule 1314(2) within 36 months from the date it is placed on the watch-list, failing which the SGX-ST may either remove the Company from the Official List, or suspend trading of the listed securities of the Company with a view to removing the Company from the Official List.

On the 25 August 2017 the Group announced a Quarterly update pursuant to Rule 1313(2) of Listing Manual to advise it is considering the options of either undertaking a share consolidation to meet the MTP requirements or applying for a transfer of the Company's listing to Catalist and remain under consideration by the Company and which option will be most beneficial to the interests of the Company's shareholders. The Company continues to consider options to address this SGX requirement.

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$3.5 million for the quarter and as at that date total assets exceed total liabilities by AU$34.9 million, an improvement from the prior quarter. The Group has breached certain covenants on its major debt facilities during 9M 2018, however it has received waivers for these breaches from its principal banker.

<u>Renegotiation of debt facilities</u>

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 Limited to convert the Short Term loan to a term facility with an expiry date of 31 December 2019. During Q1 FY 2018, AusGroup agreed with DBS Bank Limited to utilise AusGroup's restricted cash of AU$2.0m and in Q2 FY 2018 AU$8.7m of restricted cash was used to partially repay the Short Term loan facility. Further, during March and April 2018 AU$1.1m has been applied to the remaining balance from the sale of fixed assets. The remaining balance is being repaid under an agreed schedule and will be fully repaid by May 2018.

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 AU$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 31 March 2018, US$9.8m (equivalent to AU$12.7m) of this balance had been utilised (30 June 2017: US$10.8m (equivalent to AU$13.9m)). Final repayment of the loan was due in April 2018 however extended repayment terms were negotiated with the Bank that allowed for US$1.0m to be repaid over the five months from April 2018, with a final repayment of US$8.8m in September 2018.

The Group continues to explore opportunities to extend its debt facilities. The Company together with the Securities Investors Association (Singapore) will be convening a first informal meeting with the holders of the Notes issued under the S$350,000,000 Multicurrency Debt Issuance Programme of the Company. The agenda of the Informal Meeting is to provide the Noteholders with a summary of a consent solicitation exercise relating to the Notes (the "Consent Solicitation Exercise") that the Company intends to conduct and to record any queries which the Noteholders may have in relation to the Consent Solicitation Exercise. The informal meeting is scheduled for 16 May 2018.

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 1Q, 2Q, 3Q and 4Q of the 2017 financial year and 1Q, 2Q and 3Q of the 2018 financial year for the financial covenants that it didn't meet.

In addition, the Group has on issue loans from Ezion Holdings Limited ("Ezion"), a significant shareholder of the Group, which are not currently due to be repaid until after 30 June 2019.

Port and Marine services

NT Port and Marine CGU (Cash Generating Unit) completed its commercialisation preparations through fuel sales at the Port Melville facility following the successful first delivery of fuel received in the previous quarter for the fuel distribution business.

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 March 2019, 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. The Group is considering 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 of Notes to be converted to equity, however, the formal completion and issue of ordinary shares occurred at beginning of Q2 FY2018. On 9 May 2018 the Company announced that the first informal meeting with the Noteholders to discuss the Consent Solicitation Exercise would take place on 16 May 2018.

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 through a placement and rights issue and the potential divestment of the Group's assets/businesses over the forecast period. On 29 March 2018 and 6 April 2018 AusGroup announced a proposed share placement and rights issue of up to S$63.1 million in additional capital funding. 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.

Preparation of the financial report on a going concern basis

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 to 31 March 2019 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 re-structure the terms of the Notes and/or to defer maturity of the Notes by 12 months to 20 October 2019 at the election of the Noteholders;
- the proposed capital funding of up to S$63.1 million from the subscription agreements and rights issue announced on SGX-ST in March 2018 and April 2018;
- 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 ability to continue to obtain support in relation to the shareholder loan due after 30 June 2019 from a substantial shareholder of the Company; and
- the 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.

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 third quarter of FY2018 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 third quarter of FY2018 (excluding transactions less than $100,000)
Ezion Holdings Limited (expense)	*AU$397,764	N/A

* 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

15 May 2018

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