

TABLE OF CONTENTS

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

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

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

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

	GROUP		+/(-)
	1Q 2015 AU\$'000	1Q 2014 AU\$'000	%
Revenue	130,533	77,235	69.0
Cost of sales	(117,520)	(98,125)	19.8
Gross profit/(loss)	13,013	(20,890)	162.3
Gross margin	10.0%	(27.0%)	
Other operating income	806	10,404	(92.2)
Other operating costs	(5,516)	(5,685)	(3.0)
Administrative expenses	(4,580)	(6,675)	(31.4)
Marketing and distribution expenses	(499)	(722)	(30.9)
Profit/(loss) from operations	3,224	(23,568)	113.7
Finance costs	(824)	(1,273)	(35.3)
Profit/(loss) before income tax	2,400	(24,841)	109.7
Income tax benefit	430	9,726	(95.6)
Net profit/(loss) for the period attributable to equity holders of the company	2,830	(15,115)	118.7
Net profit %	2.2%	(19.6%)	
Earnings/(loss) per ordinary share (cents)			
- basic	0.4	(3.1)	
- diluted	0.4	(3.1)	

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

	GROUP	
	1Q 2015 AU\$'000	1Q 2014 AU\$'000
Profit/(loss) for the period	2,830	(15,115)
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences arising from consolidation	2,129	60
Other comprehensive income/(loss) for the period	2,129	60
Total comprehensive income/(loss) attributable to equity holders of the company	4,959	(15,055)

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

A. PROFIT FROM OPERATIONS

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

	GROUP	
	1Q 2015 AU\$'000	1Q 2014 AU\$'000
Other operating income		
Interest income	187	95
Profit on disposal of property, plant and equipment	427	10,182
Sundry income	164	172
Foreign exchange income/(loss)	28	(45)
Total other operating income	806	10,404
Amortisation and Depreciation		
Depreciation of property, plant & equipment included in cost of sales	2,090	2,973
Amortisation of intangible assets included in cost of sales	148	131
Depreciation of property, plant & equipment included in administrative expenses	177	275
Amortisation of intangible assets included in administrative expenses	777	797
Total Amortisation and Depreciation	3,192	4,176
Employee share and share option scheme expense	509	51
Impairment of trade receivables	-	20

B. FINANCE COSTS

	GROUP	
	1Q 2015	1Q 2014
	AU\$'000	AU\$'000
Bank loans	734	949
Bank guarantee fees	62	81
Unwinding of earn out payable	7	31
Hedging costs	-	180
Finance leases and hire purchase	21	32
Total Finance costs	824	1,273

C. INCOME TAX EXPENSE

	GROUP	
	1Q 2015	1Q 2014
	AU\$'000	AU\$'000
Profit/(loss) before income tax	2,400	(24,841)
Prima facie taxation calculated at applicable rate on profit before income tax	(628)	8,639
Tax effect of non-assessable /(non-deductible items)	1,058	1,087
Total income tax benefit	430	9,726
Income tax benefit percentage (%)	18%	39.2%

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 30/09/2014 AU\$'000	Group As at 30/06/2014 AU\$'000	Company As at 30/09/2014 AU\$'000	Company As at 30/06/2014 AU\$'000
CURRENT ASSETS				
Cash and cash equivalents	37,992	40,845	3,111	16,519
Trade receivables	162,874	137,071	-	-
Other receivables and prepayments	8,511	14,031	679	516
Inventories	5,255	6,146	-	-
Due from subsidiaries	-	-	-	425
Other assets	117	117	-	-
Total current assets	214,749	198,210	3,790	17,460
NON-CURRENT ASSETS				
Property, plant and equipment	60,669	60,858	-	-
Goodwill	16,741	16,405	-	-
Intangible assets	8,753	7,987	-	-
Other receivables and prepayments	3,329	1,453	-	-
Due from subsidiaries	-	-	39,360	23,611
Other assets	-	-	63,235	61,465
Deferred income tax assets	22,492	16,390	-	-
Total non-current assets	111,984	103,093	102,595	85,076
Total assets	326,733	301,303	106,385	102,536
CURRENT LIABILITIES				
Trade payables	37,505	29,198	-	-
Other payables	49,493	41,235	1,226	1,331
Borrowings	2,288	1,916	-	-
Accruals for other liabilities and charges	12,171	10,024	-	-
Current income tax liabilities	1,592	2,025	74	-
Total current liabilities	103,049	84,398	1,300	1,331
NON-CURRENT LIABILITIES				
Deferred income tax liabilities	1,923	1,835	-	-
Other payables	-	-	-	-
Borrowings	18,825	17,713	-	-
Accruals for other liabilities and charges	1,339	1,228	-	-
Total non-current liabilities	22,087	20,776	-	-
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	99,599	99,599	99,599	99,599
Capital reserve	(163)	(163)	(163)	(163)
Share option reserve	1,395	886	1,395	886
Foreign currency translation reserve	5,657	3,528	8,148	4,173
Retained earnings	95,109	92,279	(3,894)	(3,290)
Total equity	201,597	196,129	105,085	101,205
Total liabilities and equity	326,733	301,303	106,385	102,536

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

	30/09/2014		30/06/2014	
	AU\$'000	AU\$'000	AU\$'000	AU\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	2,288	-	1,916	-
Amount repayable after one year	18,825	-	17,713	-

On 24 April 2014, the Group through its subsidiary AGC Australia Pty Ltd has completed drawdown on a 2.5 year A\$20 million term credit facility ("Term Facility"). As mentioned in the Group's announcement dated 11 April 2014, the funds were used for the Group's working capital requirements and to support cash-collateralisation of the bank guarantees.

On 20 October 2014, the Company announced that AusGroup Limited (the "issuer") has issued S\$110,000,000 7.45 per cent. Notes due 2016 (the "Series 001 Notes") pursuant to the S\$350,000,000 Multicurrency Debt Issuance Programme (the "Programme") established by the Issuer on 22 September 2014. DBS Bank Ltd., as sole arranger of the Programme, acted as the sole lead manager and bookrunner in relation to the issuance of the Series 001 Notes. The Series 001 Notes will bear interest at a fixed rate of 7.45 per cent. per annum payable semi-annually in arrear and, unless previously redeemed or cancelled, will mature on 20 October 2016.

Details of secured collateral

Win AGC Pty Ltd

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.

Syndicated facility covenants

The Australian Group Companies are required under the syndicated facility to maintain certain financial ratios such as gearing ratio, fixed charge cover and leverage ratio. In addition the Australian Group Companies are required to maintain a minimum total asset balance. As at 30 September 2014 the Group met all of these financial covenants. As at 30 September 2014, the Group has drawn down AU\$20.0 million of the syndicated facility.

DBS Bank Ltd

A deed of charge executed by AGC Australia incorporating an all-monies charge over the fixed deposit account maintained by AGC Australia with DBS Bank Ltd ("The Lender") for an amount not less than AU\$25.0 million. A fixed and floating charge executed by AusGroup Ltd, AusGroup Singapore and Modern Access Services in favour of The Lender.

Facility covenants

AusGroup Limited is required under the Facility Agreement to maintain in relation to the Consolidated Group a maximum gearing ratio as well as a minimum net worth (net asset) balance. As at 30 September 2014 the Group met all of these financial covenants. As at 30 September 2014, the Group has utilised AU\$48.5 million of the DBS facility.

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 2015 AU\$'000	GROUP 1Q 2014 AU\$'000
Cash flows from operating activities		
Profit/(loss) before taxation	2,400	(24,841)
Add / (less) adjustments for:		
Depreciation of property, plant and equipment	2,267	3,248
Amortisation of intangible assets	925	928
Employee share and share option scheme expense	509	51
Impairment loss on trade receivables	-	20
Profit on disposal of property, plant and equipment	(427)	(10,182)
Interest income	(187)	(95)
Finance costs	824	1,273
Deferred tax assets	(5,100)	-
Operating cash flows before working capital changes	1,211	(29,598)
Changes in operating assets and liabilities		
<i>Changes in operating assets and liabilities, net of effects from acquisition of business</i>		
Trade receivables	(25,803)	63,639
Other receivables and prepayments	1,959	(2,743)
Inventories	891	(379)
Trade payables	8,307	(9,829)
Accruals and other payables	10,515	2,475
Cash generated (used in)/generated from operations	(2,920)	23,564
Interest paid	(818)	(1,243)
Interest received	187	95
Income tax received/(paid)	770	(24)
Net cash (used in)/generated from operating activities	(2,781)	22,392
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,386	4,138
Purchase of property, plant and equipment	(2,070)	(993)
Decrease/(Increase) in interest in joint venture	-	684
Purchase of intangible assets	(1,691)	(770)
Net cash (used in)/generated from investing activities	(2,375)	3,059



1(c) Consolidated Statement of Cash Flows (continued)	GROUP	GROUP
	1Q 2015	1Q 2014
	AU\$'000	AU\$'000
Cash flows from financing activities		
Repayment of finance leases	(290)	-
Proceeds from borrowings	1,775	-
Repayment of borrowings	-	(7,969)
Net cash generated from/(used in) financing activities	1,485	(7,969)
Net (decrease)/increase in cash and cash equivalents	(3,671)	17,481
Effect of exchange rate changes	818	(272)
Movement in cash and cash equivalents for the period	(2,853)	17,209
Cash and cash equivalents at beginning of period	40,845	8,752
Cash and cash equivalents at end of period	37,992	25,962

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

(i) all changes in equity, or

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

	SHARE CAPITAL	CAPITAL RESERVE	SHARE BASED PAYMENT RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
	AU\$'000	AU\$ '000	AU\$'000	AU\$'000	AU\$'000	AU\$'000
Group						
1Q2015						
Balance as at 1 July 2014	99,599	(163)	886	3,528	92,279	196,129
Total comprehensive income for the period ended 30 September 2014	-	-	-	2,129	2,830	4,959
Share based payment reserve	-	-	509	-	-	509
Balance as at 30 September 2014	99,599	(163)	1,395	5,657	95,109	201,597
1Q2014						
Balance as at 1 July 2013	64,309	(163)	1,052	3,852	104,150	173,200
Total comprehensive income/(loss) for the period ended 30 September 2013	-	-	-	60	(15,115)	(15,055)
Share based payment reserve	-	-	51	-	-	51
Balance as at 30 September 2013	64,309	(163)	1,103	3,912	89,035	158,196
Company						
1Q2015						
Balance as at 1 July 2014	99,599	(163)	886	4,173	(3,290)	101,205
Total comprehensive income/(loss) for the period ended 30 September 2014	-	-	-	3,975	(604)	3,371
Share based payment reserve	-	-	509	-	-	509
Balance as at 30 September 2014	99,599	(163)	1,395	8,148	(3,894)	105,085
1Q2014						
Balance as at 1 July 2013	64,309	(163)	1,052	5,018	320	70,536
Total comprehensive income for the period ended 30 September 2013	-	-	-	30	472	502
Share based payment reserve	-	-	51	-	-	51
Balance as at 30 September 2013	64,309	(163)	1,103	5,048	792	71,089

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

	30 September 2014	30 June 2014
Number of issued shares		
Opening balance	648,276,475	480,856,136
Issuance of shares	-	166,100,000
Share issued under the Company's employee share scheme	-	1,320,339
Closing balance	<u>648,276,475</u>	<u>648,276,475</u>

As at 30 September 2014 there were outstanding options for 1,674,000 (30 September 2013: 2,208,000) 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 2014 there were 2,561,473 (30 September 2013: 5,389,039) outstanding share rights. Of these rights 157,353 have met the performance criteria to vest and will be issued as ordinary shares for nil consideration subject to board approval in due course. The remaining rights may in future potentially be converted to shares under the employee share right scheme.

As at 30 June 2014 Captain Larry Glenn Johnson was a director of the Company, and on 10 July 2014 Eng Chiaw Koon was appointed a director of the Company. On 27 June 2014 in accordance with a resolution of shareholders passed on 19 June 2014, 35,000,000 options to acquire ordinary shares in the Company were issued. Captain Larry Glenn Johnson was issued 15,000,000 options, while Eng Chiaw Koon was issued 20,000,000 options. Under the terms of the options, one quarter of the options will vest on the first anniversary of the issue of the options and a further quarter each anniversary thereafter until all options have been vested.

As approved by Shareholders at the EGM held on 19 June 2014, the 110,000,000 options issued to Ezion were to raise funds for the Group's expansions via the strategic investment by Ezion as a substantial shareholder. Following the issue and allotment of these options on 27 June 2014, the options to Ezion are exercisable from that date. Assuming all of Ezion's options are exercised, the Company will receive additional net cash proceeds of S\$40,425,000 that will be used to fund proposed expansion (70-80%) into offshore marine services ("Proposed Expansion") and general working capital (20-30%). No value has been ascribed to these options as at 30 June 2014, as the Directors have deemed this to be a capital raising transaction.

As at 30 September 2014 and 30 September 2013 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 2014	30 June 2014
Number of issued shares	648,276,475	648,276,475

The net proceeds received by the Company of approximately S\$25.2 million from the issuance of 70,000,000 shares pursuant to a placement exercise made on 27 June 2014 have been partially utilized. The following is the summary of the use of proceeds:

	S\$'000
Net proceeds disclosed in the announcement date 27 June 2014	25,244
Less:	
General working capital of the Group	6,900
Proposed expansion	4,000
Balance proceeds as at 30 September 2014	14,344

The above use of proceeds is in accordance with the intended use as stated in the announcement dated 9 April 2014 in relation to the placement of 70,000,000 new shares.

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

Not applicable.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial information for the current reporting period compared with the last audited financial statements as at 30 June 2014.

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

None.

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

	GROUP 1Q 2015 AU\$'000	GROUP 1Q 2014 AU\$'000
Profit/(loss) after taxation	2,830	(15,115)
Weighted average number of ordinary shares in issue applicable to earnings ('000)	648,276	480,856
Fully diluted number of ordinary shares ('000)	669,650	487,135
Earnings/(loss) per ordinary share (AU cents)		
- Basic	0.4	(3.1)
- Diluted	0.4	(3.1)

Basic earnings per share is calculated by dividing the consolidated profit/(loss) 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 tax.

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

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

	GROUP	
	30/09/2014 AU\$'000	30/06/2014 AU\$'000
Net assets	201,597	196,129
Net asset value per ordinary share based on issued share capital at the end of the respective periods (AU cents)	31.1	30.3

Net asset value per ordinary share is calculated based on 648,276,475 ordinary shares as at 30 September 2014 (30 June 2014: 648,276,475 ordinary shares).

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

A Income Statement

(i) Revenue

Revenue for the first quarter of FY2015 was significantly higher at AU\$130.5 million; up 55% on 4Q FY2014 of AU\$84.1 million and 69% on 1Q FY2014 at AU\$77.2 million. This higher underlying activity was as a result of increased activity in maintenance (32% of revenue base) and scaffolding projects (27% of revenue base).

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

Cost of sales

The cost of sales for the first quarter of FY2015 increased at AU\$117.5 million was up 57% on Q4 FY2014 of AU\$74.8 million roughly in line with increased activity and only 19.8% to on 1Q FY2014 of AU\$98.1 million, where one-off project losses were recognized in that period.

Gross profit

Gross margins weakened slightly to 10.0% during the first quarter of FY2015 when compared to 4Q FY2014, due to the mix of work shifting towards maintenance activities, but remained within the 10-12% target range.

(iii) Other operating income

Other operating income for the first quarter of FY2015 decreased to AU\$0.8 million (1Q FY2014: AU\$10.4 million). The decrease is primarily due to the one-off nature of the profit from the sale of Singapore property of AU\$8.6 million realized in 1Q FY2014.

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

Other operating costs

Other operating costs for the first quarter of FY2015 decreased by 3.0% to AU\$5.5 million (1Q FY2014: AU\$5.7 million) and in line with the previous quarter (4Q FY2014 AU\$5.0 million). The decrease reflects the lower staffing levels following restructure during FY2014.

Administrative expenses

Administration expenses for the first quarter of FY2015 decreased by 31.4% to AU\$4.6 million (1Q FY2014: AU\$6.7 million). The decrease reflects the lower staffing levels as a result of restructure during FY2014.

Marketing and distribution expenses

Marketing and distribution expenses for the first quarter of FY2015 of AU\$0.5 million decreased by 30.8% with the comparative period (1Q FY2014: AU\$0.7 million). The decrease primarily reflects lower staffing levels.

(v) Finance costs

Finance costs for the first quarter of FY2015 decreased by 35.3% to AU\$0.8 million (1Q FY2014: AU\$1.3 million). This decrease is mainly due to lower borrowings for the quarter.

(vi) Income tax expense

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

(vii) (Loss)/Profit after tax

The profit/(loss) after tax for the first quarter of FY2015 was AU\$2.8 million (1Q FY2014: loss of AU\$15.1 million), resulting from improved operating performance and relative to the previous reported 4Q FY2014 of AU\$2.2 million. This should be read in conjunction with notes 8 A (i) to (vi) above.

B Balance Sheet

(i) Shareholders' Equity

Total shareholders' equity at 30 September 2014 amounted to AU\$201.6 million, an increase of 2.8% over the previous year (FY2014: AU\$196.1 million) following the profit for the period of AU\$3.3 million.

(ii) Non-current Assets

Total non-current assets amounted to AU\$112.0 million at 30 September 2014, representing a 8.6% increase over the previous year (FY2014: AU\$103.1 million). The increase is due to the purchase of computer software, increase in retention withheld and recognition of deferred tax assets arising from the research and development tax incentives.

(iii) Current Assets

Total current assets amounted to AU\$214.7 million at 30 September 2014, representing a 8.3% increase compared with the previous year (FY2014: AU\$198.2 million). The increase is due to higher trade receivables and invoicing resulting from increasing revenues during the quarter.

Trade receivables are split as follows:

	30/09/2014	30/06/2014
	AU\$'000	AU\$'000
Trade receivables		
- Trade receivables	68,890	65,454
	<hr/>	<hr/>
Construction contracts		
- Due from customers	93,984	71,617
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>
	162,874	137,071

(iv) Current Liabilities

Total current liabilities amounted to AU\$103.0 million, representing a 22.1% increase over the previous year (FY2014: AU\$84.4 million). The increase is mainly due to the higher borrowings, provisions and trade payables.

Trade payables are split as follows:

	30/09/2014	30/06/2014
	AU\$'000	AU\$'000
Trade payables		
- Trade payables	36,587	28,561
	<hr/>	<hr/>
Construction contracts		
- Due to customers	918	637
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>
	37,505	29,198

(v) Non-current Liabilities

Total non-current liabilities has increased by 6.3% to AU\$22.1 million (FY2014: AU\$20.8 million). The increase is mainly due to higher borrowings.

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 is a leading provider of multi-disciplinary services of maintenance, fabrication and manufacturing, and construction services to the oil and gas, mineral resources and infrastructure industries in Australia (Perth, Kwinana, Gladstone, and Darwin) and South-East Asia (Singapore, Thailand, and the Philippines).

The Group enjoys a solid reputation through our ability to provide and integrate a diverse range of services: from fabrication and manufacturing, construction, scaffolding, insulation, painting, refractory and maintenance services for the sectors it serves.

The Group's growth is directly linked to activities around new project developments and project expansions as well as the provision of maintenance services to clients in these sectors.

Significant Trends & Competitive Conditions

As anticipated by our strategic review in 1Q FY2014, there has been a moderation in resources and energy sector investment from peak levels in FY2013. However, the value of committed projects in the energy sector remains strong and has been the source of the growth in our Order Book over the last 4 quarters being led by awards in the oil & gas sector.

In particular, we are part of some AU\$372 million in work on the Inpex Ichthys LNG facility and actively working on 6 of the major developments in LNG within Australia. Importantly, as these projects are completed, we are well placed to participate in the long-term maintenance contracts that will be required to optimize those long-term production assets. This will add to work we are currently contracted with Woodside under a 3+2 year contract related to their Karratha Life Extension programme. This will both improve the quality of earnings and increase proportion of recurring revenue.

Going forward, the completion of the acquisition of Ezion's Australian-based assets will provide additional recurring revenue while augmenting traditional contracting margins and extending our ability to provide services across an increased segment of the oil & gas supply chain, i.e. marine logistics.

Karara Mining Limited ("KML") update

The action in the Supreme Court of Western Australia by the Company's wholly-owned subsidiary, AGC Industries Pty Ltd ("AGC") and KML remains ongoing.

Overall

The Group has work in hand to the value of AU\$455.1 million as of 10 November 2014.

The Group expects, from time to time, delays in the finalising of variations around certain types of construction projects under our contractual entitlements. This will create a degree of variability in the Group results from quarter to quarter. The Group's accounting policy is to recognise costs as they are incurred, which may not match revenue from variations, as these have to be negotiated and agreed with clients.

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.

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/recommendeded, a statement to that effect

Not applicable.

13. IPT Mandate

No mandate has been obtained from shareholders for Interested Person Transactions during the quarter. Subsequent to Q1, on 29 October 2014, the adoption of the interested person transaction mandate in regards to proposed acquisition of 100% of the issued and paid up share capital of Ezion Offshore Logistics Hub Pte Ltd and 90% of the issued and paid up share capital of Teras Australia Pty Ltd have been obtained from shareholders.

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

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

ON BEHALF OF THE BOARD

Dr Chew Kia Ngee
Chairman

Stuart Maxwell Kenny
Managing Director and Chief Executive Officer

10 November 2014