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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**

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

	GROUP		+ / (-) %	GROUP		+ / (-) %
	3Q 2014 AU\$'000	3Q 2013 AU\$'000		9M 2014 AU\$'000	9M 2013 AU\$'000	
Revenue	73,044	138,333	(47.2)	218,299	445,130	(51.0)
Cost of sales	(64,319)	(126,242)	(49.1)	(222,677)	(396,087)	(43.8)
<b>Gross (loss)/profit</b>	<b>8,725</b>	<b>12,091</b>	<b>(27.8)</b>	<b>(4,378)</b>	<b>49,044</b>	<b>(108.9)</b>
<b>Gross margin</b>	<b>11.9%</b>	<b>8.7%</b>		<b>-2.0%</b>	<b>11.0%</b>	
Other operating income	846	926	(8.6)	14,102	2,389	490.4
Other operating costs	(2,838)	(6,338)	(55.2)	(12,945)	(17,918)	(27.8)
Administrative expenses	(6,549)	(5,097)	28.5	(18,986)	(18,192)	4.4
Marketing and distribution expenses	(823)	(904)	(9.0)	(1,920)	(1,722)	11.5
Share of profit of joint venture	-	13	n/a	-	1,529	n/a
<b>(Loss)/profit from operations</b>	<b>(638)</b>	<b>691</b>	<b>(192.4)</b>	<b>(24,127)</b>	<b>15,129</b>	<b>(259.5)</b>
Finance costs	(589)	(547)	7.6	(2,886)	(1,612)	79.1
<b>(Loss)/Profit before income tax</b>	<b>(1,227)</b>	<b>144</b>	<b>(950.8)</b>	<b>(27,012)</b>	<b>13,517</b>	<b>(299.8)</b>
Income tax benefit/(expense)	(67)	(39)	69.4	12,899	(4,333)	(397.7)
<b>Net (loss)/profit for the period attributable to equity holders of the company</b>	<b>(1,294)</b>	<b>105</b>	<b>(1,332.8)</b>	<b>(14,113)</b>	<b>9,184</b>	<b>(253.7)</b>
<b>Net (loss)/profit %</b>	<b>-1.8%</b>	<b>0.1%</b>		<b>-6.5%</b>	<b>2.1%</b>	
(Loss)/earnings per ordinary share (cents)						
- basic	(0.3)	0.0		(2.8)	1.9	
- diluted	(0.3)	0.0		(2.8)	1.9	

(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	GROUP		GROUP	
	3Q 2014	3Q 2013	9M 2014	9M 2013
	AU\$'000	AU\$'000	AU\$'000	AU\$'000
(Loss)/profit for the period	(1,294)	105	(14,113)	9,184
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation	(867)	1,036	170	756
Other comprehensive income/(loss) for the period	(867)	1,036	170	756
<b>Total comprehensive (loss)/income attributable to equity holders of the company</b>	<b>(2,161)</b>	<b>1,141</b>	<b>(13,943)</b>	<b>9,940</b>

(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 2014	3Q 2013	9M 2014	9M 2013
	AU\$'000	AU\$'000	AU\$'000	AU\$'000
<b>Other operating income</b>				
Interest income	193	102	608	521
Profit on disposal of property, plant and equipment	789	698	12,574	1,101
Sundry income	194	151	1,292	798
Foreign exchange loss	(329)	(25)	(372)	(31)
<b>Total other operating income</b>	<b>846</b>	<b>926</b>	<b>14,102</b>	<b>2,389</b>
<b>Amortisation and Depreciation</b>				
Depreciation of property, plant & equipment included in cost of sales	2,056	2,838	7,507	8,761
Amortisation of intangible assets included in cost of sales	140	260	405	779
Depreciation of property, plant & equipment included in administrative expenses	236	329	757	981
Amortisation of intangible assets included in administrative expenses	809	426	2,408	1,074
<b>Total Amortisation and Depreciation</b>	<b>3,241</b>	<b>3,853</b>	<b>11,078</b>	<b>11,595</b>
<b>Employee share and share option scheme expense</b>	<b>75</b>	<b>(918)</b>	<b>55</b>	<b>(395)</b>
<b>Impairment of trade receivables</b>	<b>(32)</b>	<b>18</b>	<b>24</b>	<b>56</b>
<b>Write off of ASX listing fee</b>	<b>1,953</b>	<b>-</b>	<b>1,953</b>	<b>-</b>

**B. FINANCE COSTS**

	GROUP		GROUP	
	3Q 2014 AU\$'000	3Q 2013 AU\$'000	9M 2014 AU\$'000	9M 2013 AU\$'000
Bank loans	351	342	2,115	1,056
Bank guarantee fees	185	96	413	220
Unwinding of earn out payable	32	65	94	182
Hedging costs	-	-	192	-
Finance leases and hire purchase	21	44	72	155
<b>Total Finance costs</b>	<b>589</b>	<b>547</b>	<b>2,886</b>	<b>1,612</b>

**C. INCOME TAX BENEFIT/(EXPENSE) On page**

	GROUP		GROUP	
	3Q 2014 AU\$'000	3Q 2013 AU\$'000	9M 2014 AU\$'000	9M 2013 AU\$'000
(Loss)/profit before income tax	(1,227)	144	(27,012)	13,517
Prima facie taxation calculated at applicable rate on profit before income tax	330	(126)	9,368	(4,108)
Tax effect of non-assessable / (non-deductible items)	(396)	90	681	(222)
Research and development tax incentives	-	-	2,850	-
Over provision of deferred tax in prior periods	-	(3)	-	(3)
<b>Total income tax benefit/(expense)</b>	<b>(67)</b>	<b>(39)</b>	<b>12,899</b>	<b>(4,333)</b>
Income tax expense percentage (%)	5.4%	27.3%	-47.8%	32.1%

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 31/03/2014 AU\$'000	Group As at 30/06/2013 AU\$'000	Company As at 31/03/2014 AU\$'000	Company As at 30/06/2013 AU\$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	21,867	11,722	175	1,645
Trade receivables	106,956	160,566	-	-
Other receivables and prepayments	17,271	7,362	452	1,187
Inventories	5,667	1,797	-	-
Due from subsidiaries	-	-	13,189	24,003
Other assets	168	1,012	-	-
	<u>151,929</u>	<u>182,459</u>	<u>13,816</u>	<u>26,835</u>
Assets classified as held for sale	-	18,397	-	-
<b>Total current assets</b>	<b>151,929</b>	<b>200,856</b>	<b>13,816</b>	<b>26,835</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	62,732	75,986	-	-
Goodwill	16,460	16,421	-	-
Intangible assets	8,808	10,867	-	-
Due from subsidiaries	-	-	8,126	8,571
Other assets	-	-	61,891	37,438
Deferred income tax assets	14,435	1,661	-	-
<b>Total non-current assets</b>	<b>102,435</b>	<b>104,935</b>	<b>70,018</b>	<b>46,009</b>
<b>Total assets</b>	<b>254,365</b>	<b>305,791</b>	<b>83,834</b>	<b>72,844</b>
<b>CURRENT LIABILITIES</b>				
Trade payables	25,881	42,527	-	-
Other payables	34,338	41,861	1,249	1,947
Borrowings	396	30,010	-	-
Deferred gain	496	-	-	-
Accruals for other liabilities and charges	9,757	12,306	-	-
Current income tax liabilities	1,375	780	424	361
<b>Total current liabilities</b>	<b>72,243</b>	<b>127,484</b>	<b>1,672</b>	<b>2,308</b>
<b>NON-CURRENT LIABILITIES</b>				
Deferred income tax liabilities	2,327	2,406	-	-
Other payables	-	1,252	-	-
Deferred gain	5,453	-	-	-
Accruals for other liabilities and charges	1,530	1,449	-	-
<b>Total non-current liabilities</b>	<b>9,310</b>	<b>5,107</b>	<b>-</b>	<b>-</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	77,812	64,309	77,812	64,309
Capital reserve	(163)	(163)	(163)	(163)
Share option reserve	1,107	1,052	1,107	1,052
Foreign currency translation reserve	4,022	3,852	4,958	5,018
Retained earnings/(Accumulated loss)	90,035	104,150	(1,552)	320
<b>Total equity</b>	<b>172,812</b>	<b>173,200</b>	<b>82,162</b>	<b>70,536</b>
<b>Total liabilities and equity</b>	<b>254,365</b>	<b>305,791</b>	<b>83,834</b>	<b>72,844</b>



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

**Amount repayable in one year or less, or on demand**

Actual as at 31 March 2014		Actual as at 30 June 2013	
Secured	Unsecured	Secured	Unsecured
AU\$'000	AU\$'000	AU\$'000	AU\$'000
396	-	30,010	-

**Amount repayable after one year**

Actual as at 31 March 2014		Actual as at 30 June 2013	
Secured	Unsecured	Secured	Unsecured
AU\$'000	AU\$'000	AU\$'000	AU\$'000
-	-	-	-

During the third quarter to 31 March 2014, AusGroup Limited had fully repaid its senior debt facilities with the Group's then club bank facility with Australia & New Zealand Banking Group Limited and HSBC Australia Pty Ltd as the facilities expired in January 2014. A Deed of Termination and Release have been executed by the Group and the Banks.

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 will be used for the Group's working capital requirements.

**Details of collateral**

As at 31 March 2014, other than the first fixed charges over certain vehicles on hire purchases provided by St George Bank, there were no other charges on the group's assets.

As at 31 March 2014, cash of AU\$15.8 million was provided to support the collateralization for issue of Bank Guarantees provided by Australia and New Zealand Banking Group Limited (ANZ) and HSBC Bank Australia Limited (HSBC).

**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 2014 AU\$'000	GROUP 3Q 2013 AU\$'000	GROUP 9M 2014 AU\$'000	GROUP 9M 2013 AU\$'000
<b>Cash flows from operating activities</b>				
(Loss)/Profit before taxation	(1,227)	144	(27,012)	13,517
Add / (less) adjustments for:				
Depreciation of property, plant and equipment	2,292	3,167	8,264	9,742
Amortisation of intangible assets	949	686	2,813	1,853
Employee share and share option scheme expense	75	(918)	55	(395)
Impairment loss on trade receivables	(32)	18	24	56
Profit on disposal of property, plant and equipment	(789)	(698)	(12,574)	(1,101)
Interest income	(193)	(102)	(608)	(521)
Finance costs	589	547	2,886	1,612
<b>Operating cash flows before working capital changes</b>	<b>1,664</b>	<b>2,831</b>	<b>(26,152)</b>	<b>23,234</b>
<b>Changes in operating assets and liabilities</b>				
<i>Changes in operating assets and liabilities, net of effects from acquisition of business</i>				
Trade receivables	(19,787)	(24,010)	53,610	(2,345)
Other receivables and prepayments	3,132	1,221	(7,086)	(1,684)
Inventories	(2,871)	143	(3,869)	(1,101)
Trade payables	(4,084)	5,841	(16,646)	11,610
Accruals and other payables	(747)	(3,604)	(9,943)	(19,303)
<b>Cash generated from operations</b>	<b>(22,692)</b>	<b>(17,578)</b>	<b>(10,085)</b>	<b>10,411</b>
Interest paid	(556)	(481)	(2,792)	(1,430)
Interest received	193	102	608	521
Income tax paid	(198)	(29)	(173)	(11,259)
<b>Net cash (used in)/generated from operating activities</b>	<b>(23,254)</b>	<b>(17,987)</b>	<b>(12,442)</b>	<b>(1,757)</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	2,429	1,392	44,041	2,247
Purchase of property, plant and equipment	(940)	(4,564)	(2,170)	(8,068)
Net cash outflow on acquisition of business	-	-	(1,303)	(565)
Decrease/(Increase) in interest in joint venture	-	150	844	(1,749)
Purchase of intangible assets	(11)	(153)	(754)	(1,871)
<b>Net cash generated from / (used in) investing activities</b>	<b>1,477</b>	<b>(3,174)</b>	<b>40,657</b>	<b>(13,520)</b>

1(c) Consolidated Statement of Cash Flows (continued)	GROUP 3Q 2014 AU\$'000	GROUP 3Q 2013 AU\$'000	GROUP 9M 2014 AU\$'000	GROUP 9M 2013 AU\$'000
<b>Cash flows from financing activities</b>				
Dividends paid	-	-	-	(3,771)
Proceeds from issue of share capital	13,503	139	13,503	139
Purchase of treasury shares	-	-	-	(1,701)
Repayment of finance leases	(417)	(249)	(1,338)	(1,240)
Proceeds from borrowings	-	8,000	-	8,000
Repayment of borrowings	-	-	(28,276)	-
<b>Net cash used in financing activities</b>	<b>13,086</b>	<b>7,890</b>	<b>(16,111)</b>	<b>1,427</b>
<b>Net increase in cash and cash equivalents</b>	<b>(8,691)</b>	<b>(13,271)</b>	<b>12,104</b>	<b>(13,850)</b>
Effect of exchange rate changes	(838)	289	1,011	(834)
<b>Movement in cash and cash equivalents for the period</b>	<b>(9,529)</b>	<b>(12,982)</b>	<b>13,115</b>	<b>(14,684)</b>
Cash and cash equivalents at beginning of period	31,396	31,118	8,752	32,820
<b>Cash and cash equivalents at end of period</b>	<b>21,867</b>	<b>18,136</b>	<b>21,867</b>	<b>18,136</b>
<b>Cash and cash equivalents represented by</b>				
Cash and bank balances	21,867	18,136	21,867	18,136
<b>Total cash and cash equivalents at end of period</b>	<b>21,867</b>	<b>18,136</b>	<b>21,867</b>	<b>18,136</b>



**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	TREASURY RESERVE	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	AU\$'000
<b>Group</b>							
<b>9M 2014</b>							
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 31 December 2013	-	-	-	-	1,037	(12,822)	(11,785)
Share based payment reserve	-	-	-	(20)	-	-	(20)
<b>Balance as at 31 December 2013</b>	<b>64,309</b>	<b>-</b>	<b>(163)</b>	<b>1,032</b>	<b>4,889</b>	<b>91,328</b>	<b>161,395</b>
Shares issued	13,503	-	-	-	-	-	13,503
Total comprehensive loss for the period ended 31 March 2014	-	-	-	-	(867)	(1,294)	(2,161)
Share based payment reserve	-	-	-	75	-	-	75
<b>Balance as at 31 March 2014</b>	<b>77,812</b>	<b>-</b>	<b>(163)</b>	<b>1,107</b>	<b>4,022</b>	<b>90,035</b>	<b>172,812</b>
<b>9M 2013</b>							
Balance as at 1 July 2012	64,170	-	-	3,337	(2,159)	98,602	163,950
Total comprehensive income/(loss) for the period ended 31 December 2012	-	-	-	-	(280)	9,079	8,799
Purchase of treasury shares	-	(1,701)	-	-	-	-	(1,701)
Transfer of treasury shares	-	1,701	(163)	(1,538)	-	-	-
Share based payment reserve	-	-	-	525	-	-	525
Dividends	-	-	-	-	-	(3,771)	(3,771)
<b>Balance as at 31 December 2012</b>	<b>64,170</b>	<b>-</b>	<b>(163)</b>	<b>2,324</b>	<b>(2,439)</b>	<b>103,910</b>	<b>167,802</b>
Shares issued	139	-	-	-	-	-	139
Total comprehensive income for the period ended 31 March 2013	-	-	-	-	1,036	105	1,141
Share based payment reserve	-	-	-	(918)	-	-	(918)
<b>Balance as at 31 March 2013</b>	<b>64,309</b>	<b>-</b>	<b>(163)</b>	<b>1,406</b>	<b>(1,403)</b>	<b>104,015</b>	<b>168,164</b>

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

	SHARE CAPITAL	TREASURY RESERVE	CAPITAL RESERVE	SHARE BASED PAYMENT RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
Company	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000
<b>9M 2014</b>							
Balance as at 1 July 2013	64,309	-	(163)	1,052	5,018	320	70,536
Total comprehensive income for the period ended 31 December 2013	-	-	-	-	1,431	187	1,616
Share based payment reserve	-	-	-	(20)	-	-	(20)
<b>Balance as at 31 December 2013</b>	<b>64,309</b>	<b>-</b>	<b>(163)</b>	<b>1,032</b>	<b>6,448</b>	<b>507</b>	<b>72,132</b>
Shares issued	13,503	-	-	-	-	-	13,503
Total comprehensive loss for the period to 31 March 2014	-	-	-	-	(1,490)	(2,058)	(3,549)
Share based payment reserve	-	-	-	75	-	-	75
<b>Balance as at 31 March 2014</b>	<b>77,812</b>	<b>-</b>	<b>(163)</b>	<b>1,107</b>	<b>4,958</b>	<b>(1,552)</b>	<b>82,161</b>
<b>9M 2013</b>							
Balance as at 1 July 2012	64,170	-	-	3,337	(1,631)	2,051	67,927
Total comprehensive income/(loss) for the period ended 31 December 2012	-	-	-	-	(847)	2,265	1,417
Purchase of treasury shares	-	(1,701)	-	-	-	-	(1,701)
Transfer of treasury shares	-	1,701	(163)	(1,538)	-	-	-
Share based payment reserve	-	-	-	525	-	-	525
Dividends	-	-	-	-	-	(3,771)	(3,771)
<b>Balance as at 31 December 2012</b>	<b>64,170</b>	<b>-</b>	<b>(163)</b>	<b>2,324</b>	<b>(2,478)</b>	<b>544</b>	<b>64,397</b>
Shares issued	139	-	-	-	-	-	139
Total comprehensive income for the period to 31 March 2013	-	-	-	-	1,989	12	2,002
Share based payment reserve	-	-	-	(918)	-	-	(918)
<b>Balance as at 31 March 2013</b>	<b>64,309</b>	<b>-</b>	<b>(163)</b>	<b>1,406</b>	<b>(489)</b>	<b>556</b>	<b>65,619</b>

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

	31 March 2014	31 December 2013
<b>Number of issued shares</b>		
Opening balance	482,176,475	480,856,136
Ordinary shares converted from employee share rights	-	1,320,339
Placement	96,100,000	-
Closing balance	<u>578,276,475</u>	<u>482,176,475</u>

As at 31 March 2014 there were outstanding options for 1,685,000 (31 March 2013: 4,020,000) unissued ordinary shares under the employee share option scheme. All of these options have vested but have not yet been exercised.

There were a further 2,578,239 (31 March 2013: 6,975,548) outstanding share rights. The remaining rights may in future potentially be converted to shares under the employee share right scheme.

No treasury shares are 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 2014	30 June 2013
Number of issued shares	<u>578,276,475</u>	<u>480,856,136</u>

As announced on 22 January 2014, the Group completed the Placement of 96.1 million new ordinary shares in the capital of the Company, thereby increasing the issued share capital of the Company from S\$81,324,693.68 divided into 482,176,475 ordinary shares to S\$97,469,493.68 divided into 578,276,475 ordinary shares. The Placement Shares were listed on the Main Board of the Singapore Exchange Securities Trading Limited on 23 January 2014 and provided Net Proceeds of S\$15,657,950.

The Proposed Placement was undertaken to raise funds for the Group's additional working capital requirements. The enlarged capital base following completion of the Proposed Placement has strengthened the Group's financial position. The Group has used the Net Proceeds for the Group's general working capital purposes (50%) and cash collateralisation of bonding facilities (50%).

- 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 2013.

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 3Q 2014 AU\$'000	GROUP 3Q 2013 AU\$'000	GROUP 9M 2014 AU\$'000	GROUP 9M 2013 AU\$'000
(Loss)/profit after taxation	(1,294)	105	(14,113)	9,184
Weighted average number of ordinary shares in issue applicable to earnings ('000)	499,053	480,379	499,053	480,379
Fully diluted number of ordinary shares ('000)	501,929	488,844	501,929	488,844
(Loss)/earnings per ordinary share (AU cents)				
- Basic	(0.3)	0.0	(2.8)	1.9
- Diluted	(0.3)	0.0	(2.8)	1.9

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 (loss)/profit after tax.

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

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

	GROUP		COMPANY	
	31/03/2014	30/06/2013	31/03/2014	30/06/2013
	AU\$'000	AU\$'000	AU\$'000	AU\$'000
Net assets	172,812	173,200	82,162	67,927
Net asset value per ordinary share based on issued share capital at the end of the respective periods (AU cents)	29.9	36.0	14.2	14.7

Net asset value per ordinary share as at 31 March 2014 is calculated based on 578,276,475 ordinary shares (30 June 2013: 480,856,136 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 third quarter of FY2014 decreased by 47.2% to AU\$73.0 million year-on-year (3Q FY2013: AU\$138.3 million).

Revenue for the 9 months to March of FY2014 decreased by 51.0% to AU\$218.3 million (9M 2013: AU\$445.1 million).

However, following the significant downsizing of the business over recent 6 months, the 3Q revenue has increased 7.4% on the preceding 2Q. This improvement has resulted from the implementation of our strategic review that has seen the Group shift away from construction services to the mining sector and toward the oil & gas sector and in particular is focusing on long-term asset maintenance that annuity revenue streams.

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

**Cost of sales**

The cost of sales for the third quarter of FY2014 decreased by 49.1% to AU\$64.3 million (3Q FY2013: AU\$126.2 million), in line with the decrease in activity.

The cost of sales for the 9 months to March of FY2014 decreased by 43.8% to AU\$222.7 million (9M 2013: AU\$396.1 million), as above.

These decreases are in line with the decrease in activity.

**Gross profit**

Gross margins increased to 11.9% (2Q 11.4%) during the third quarter of FY2014 from 8.7% during the third quarter of FY2013.

This 9 months result has been negatively affected by the reduced margins resulting from the downturn in activity and recognition of additional costs to complete for projects that were announced previously in Q1.

(iii) **Other operating income**

Other operating income for the third quarter of FY2014 was AU\$0.8 million compared to AU\$0.9 million in 3Q FY2013.

Other operating income for the 9 months to March of FY2014 increased to AU\$14.1 million (9M 2013: AU\$2.4 million). The increase is mainly due to a profit realized on the sale of Singapore property of AU\$8.6 million as well as profits on the sale of fixed assets and scaffolding of AU\$3.7 million.

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

**Other operating costs**

Other operating costs for the third quarter of FY2014 decreased by 55.2% to AU\$2.8 million (3Q FY2013: AU\$6.3 million). The decrease is in line with the reduction in overheads required as a result of the Group's restructuring and cost-saving initiatives as well as lower activity levels.

Other operating costs for the 9 months to March of FY2014 decreased by 27.8% to AU\$12.9 million (9M 2013: AU\$17.9 million), as stated above.

**Administrative expenses**

Administration expenses for the third quarter of FY2014 increased by 28.5% to AU\$6.5 million (3Q FY2013: AU\$5.1 million). The increase is largely due to the write off of prepayments related to the Group's planned listing on the ASX listing of AU\$1.9 million (previously capitalized) following the lapse and subsequent termination of the agreement. Costs associated with its recent refinancing and higher amortization charges relating to the Group's new ERP systems also contributed to the higher expense for the period.

Administration expenses for the 9 months to March of FY2014 increased by 4.4% to AU\$18.9 million (9M 2013: AU\$18.2 million), as stated above after an offset by the net saving on staff costs resulting from lower head count less termination costs of AU\$0.7 million is included in this 9 month period.

Going forward, the Group has significantly reduced its underlying cost base to reflect the lower activity compared to the previous financial year.

***Marketing and distribution expenses***

Marketing and distribution expenses for the third quarter of FY2014 decreased by 9.0% to AU\$0.8 million (3Q FY2013: AU\$0.9 million).

Marketing and distribution expenses for the 9 months to March of FY2014 increased by 11.5% to AU\$1.9 million (9M 2013: AU\$1.7 million).

**(v) Share of profit of joint venture**

There were no joint ventures in operation in the first 9 months of FY2014 (9M 2013: AU\$1.5 million).

The comparative FY13 data relates to a joint venture where that contract has now been completed. Hence, no share of profit of joint venture has been recognised for the third quarter 2014 (3Q FY2013: AU\$0.01 million).

**(vi) Finance costs**

Finance costs for the third quarter of FY2014 increased slightly to AU\$0.6 million (3Q FY2013: AU\$0.5 million). These costs are lower than the previous quarter (2Q FY2014 AU\$1.0 million) as the Group had substantially paid down its borrowings in 2Q.

Finance costs for the 9 months to March of FY2014 increased to AU\$2.9 million (9M 2013: AU\$1.6 million). This increase is mainly attributable to higher borrowings over the comparative period.

**(vii) Income tax expense**

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

**(viii) (Loss)/Profit after tax**

The loss after tax for the third quarter of FY2014 was AU\$1.3 million (3Q FY2013: profit of AU\$0.1 million) whilst for the 9 months to March of FY2014 it was a loss of AU\$14.1 million (9M 2013: profit of AU\$9.2 million). The loss for the third quarter of FY2014 is mainly due to the write off of ASX listing's consultancy fee (which was previously capitalised) amounting to AU\$1.9 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 31 March 2014 amounted to AU\$172.8 million, a decrease of 0.2% over the previous year (FY2013: AU\$173.2 million). This was mainly due to the loss for the period of AU\$14.1 million off set by placement shares during the quarter that provided net proceeds of S\$15,657,950.

**(ii) Non-current Assets**

Total non-current assets amounted to AU\$102.4 million at 31 March 2014, as compared to AU\$104.9 million for the previous year. The decrease is mainly due to the sale of Singapore property offset by the recognition of deferred tax assets attributable to the tax losses arising in Australia.

**(iii) Current Assets**

Total current assets amounted to AU\$151.9 million at 31 March 2014, representing a 24.4% decrease compared with the previous year (FY2013: AU\$200.9 million). The decrease is due to the de-recognition of assets classified as held for sale (has been sold in 1<sup>st</sup> quarter with cash flows shortly after the end of the quarter) and lower trade receivables resulting from lower activity level.

Trade receivables are split as follows:

	31/03/2014	30/06/2013
	AU\$'000	AU\$'000
<b>Trade receivables</b>		
- Trade receivables	40,971	112,497
	<hr/>	<hr/>
<b>Construction contracts</b>		
- Due from customers	65,985	48,069
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>
	106,957	160,566

**(iv) Current Liabilities**

Total current liabilities amounted to AU\$72.2 million, representing a 43.3% decrease over the previous year (FY2013: AU\$127.5 million). The decrease is mainly due to the repayment of senior secured debt (AU\$30 million) and lower trade payables, other payables and provision due to lower activity.



Trade payables are split as follows:

	31/03/2014	30/06/2013
	AU\$'000	AU\$'000
Trade payables		
- Trade payables	24,636	33,835
Construction contracts		
- Due to customers	1,244	8,692
	25,881	42,527

**(v) Non-current Liabilities**

Total non-current liabilities has increased by 82.3% to AU\$9.3 million (FY2013: AU\$5.1 million). The increase is attributable to the sale of the Singapore property for which part of the gain has been deferred.

**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**

The Group provides asset maintenance, manufacturing and construction services to the LNG oil and gas and mineral resources and industrial markets. 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.

The Group service to the Australian natural resources sector, including oil and gas, LNG, iron ore and other mineral commodities. It has also established a base in Gladstone, Queensland that targets industrial maintenance, LNG and gas opportunities. In order to support the recently awarded Ichthys scaffolding services contract in Darwin, Northern Territory, plans are afoot to establish a presence there, which can also pursue industrial maintenance contracts. In South East Asia, the Group provides services to the upstream and downstream oil and gas sectors, continuing to focus on subsea manufacturing for the upstream sector as well as fabrication and manufacturing and temporary access (scaffolding) services.

**Significant Trends & Competitive Conditions**

As anticipated as part of the Group's strategic review, we are seeing increased opportunities arising from LNG construction and maintenance projects that offset the slowdown in the minerals mining sector. We expect that trend will continue over the next 12-24 months.

Further, as capex spend reduces, significant interest is being experienced from the mining and LNG customers for the provision of maintenance services as the market transition. The Group's strategy is to focus on expanding its maintenance offering which provide long term recurring revenue.

We have restructured the Group's activities which will result in a lower cost base and provide improved profit margin quality.

#### 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\$395 million as at 31 March 2014, up from AU\$216 million as at 31 December 2013 following securing orders of AU\$260.1 million for 3Q, including the award of AU\$174 million for the provision of scaffolding for the Inpex Ichthys project in Darwin, Northern Territory.

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/recommended, a statement to that effect**

Not applicable.

**13. IPT Mandate**

No mandate has been obtained from shareholders for Interested Person Transactions.

**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

**07 May 2014**