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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		+/(-)
	2Q 2016	2Q 2015	%	HY 2016	HY 2015	%
	AU$'000	AU$'000		AU$'000	AU$'000	
Revenue	126,146	119,416	5.6	258,893	249,949	3.6
Cost of sales	(132,565)	(106,284)	24.7	(250,139)	(223,804)	11.8
Gross (loss)/profit	**(6,419)**	**13,132**	**(148.9)**	**8,754**	**26,145**	**(66.5)**
Gross margin	**-5.1%**	**11.0%**		**3.4%**	**10.5%**	
Other operating income	120	592	(79.7)	419	1,399	(70.1)
Other operating costs	(7,506)	(5,113)	46.8	(14,898)	(10,630)	40.2
Impairment of receivables	(44,621)	0	100.0	(44,621)	0	100.0
Administrative expenses	(5,605)	(4,959)	13.0	(11,509)	(9,540)	20.6
Marketing and distribution expenses	(687)	(368)	86.7	(1,401)	(868)	61.4
(Loss)/profit from operations	**(64,718)**	**3,284**	**N.M.**	**(63,256)**	**6,506**	**N.M.**
Finance costs	(4,070)	(1,224)	232.5	(5,308)	(2,048)	159.2
(Loss)/profit before income tax	**(68,788)**	**2,060**	**N.M.**	**(68,564)**	**4,458**	**N.M.**
Income tax expense	(978)	(990)	(1.2)	(730)	(558)	30.8
Net (loss)/profit for the period	**(69,766)**	**1,070**	**N.M.**	**(69,294)**	**3,900**	**N.M.**
Net (loss)/profit %	**-55.3%**	**0.9%**		**-26.8%**	**1.6%**	
(Loss)/profit attribute to:						
Equity holders of the Company	(69,426)	920	**N.M.**	(69,078)	3,750	**N.M.**
Non-controlling interest	(340)	150	(326.7)	(216)	150	(244.0)
	(69,766)	**1,070**	**N.M.**	**(69,294)**	**3,900**	**N.M.**
(Loss)/earnings per ordinary share attributable to equity holders of the Company (cents)						
- basic	(9.4)	0.2	**N.M.**	(9.4)	0.6	**N.M.**
- diluted	(9.4)	0.2	**N.M.**	(9.3)	0.6	**N.M.**

N.M. – Not meaningful

(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS) (CONTINUED)

	GROUP		+/(-)	GROUP		+/(-)
	2Q 2016	2Q 2015	%	HY 2016	HY 2015	%
	AU$'000	AU$'000		AU$'000	AU$'000	
(Loss)/profit for the period	(69,766)	1,070	N.M.	(69,294)	3,900	N.M.
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation	(3,559)	(999)	256.3	6,855	1,130	506.6
Other comprehensive (loss)/income for the period	(3,559)	(999)	256.3	6,855	1,130	506.6
Total comprehensive (loss)/income for the period	**(73,325)**	**71**	N.M.	**(62,439)**	**5,030**	N.M.
<u>**Total comprehensive (loss)/income attribute to:**</u>						
Equity holders of the Company	(73,011)	(29)	N.M.	(62,195)	4,930	N.M.
Non-controlling interest	(314)	100	(414.0)	(244)	100	(344.0)
	(73,325)	71	N.M.	(62,439)	5,030	N.M.

(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		+/(-)
	2Q 2016	2Q 2015	%	HY 2016	HY 2015	%
	AU$'000	AU$'000		AU$'000	AU$'000	
Other operating income						
Interest income	112	225	(50.2)	229	412	(44.4)
Profit on disposal of property, plant and equipment	131	261	(49.8)	400	687	(41.8)
Sundry income	439	171	156.7	523	336	55.7
Foreign exchange loss	(562)	(65)	N.M.	(733)	(36)	N.M.
Total other operating income	**120**	**592**	N.M.	**419**	**1,399**	(70.1)
Amortisation and Depreciation						
Depreciation of property, plant & equipment included in cost of sales	2,516	2,099	19.9	4,925	4,189	17.6
Amortisation of intangible assets included in cost of sales	110	153	(28.1)	170	301	(43.5)
Depreciation of property, plant & equipment included in administrative expenses	292	192	52.1	576	370	55.7
Amortisation of intangible assets included in administrative expenses	2,029	715	183.8	2,478	1,491	66.2
Total Amortisation and Depreciation	**4,947**	**3,159**	56.6	**8,149**	**6,351**	28.3

	GROUP		+/(-)	GROUP		+/(-)
	2Q 2016	2Q 2015	%	HY 2016	HY 2015	%
	AU$'000	AU$'000		AU$'000	AU$'000	
Employee share and share option scheme expense	**274**	**221**	24.0	**594**	**730**	(18.6)
Research and development tax credits	**16,300**	**(1,323)**	(1,332.0)	**13,723**	**(6,423)**	(313.7)
Restructuring and transformation costs	**903**	**0**	0.0	**1,452**	**0**	0.0

B. FINANCE COSTS

	GROUP		+/(-)	GROUP		+/(-)
	2Q 2016	2Q 2015	%	HY 2016	HY 2015	%
	AU$'000	AU$'000		AU$'000	AU$'000	
Loans	4,031	1,212	232.6	5,191	1,947	166.6
Bank guarantee fees	37	(6)	N.M.	111	55	101.8
Unwinding of earn out payable	0	3	(100.0)	2	10	(80.0)
Finance leases and hire purchase	2	15	(86.7)	4	36	(88.9)
Total Finance costs	**4,070**	**1,224**	232.5	**5,308**	**2,048**	159.2

C. INCOME TAX (EXPENSE)/BENEFIT

	GROUP		+/(-)	GROUP		+/(-)
	2Q 2016	2Q 2015	%	HY 2016	HY 2015	%
	AU$'000	AU$'000		AU$'000	AU$'000	
(Loss)/profit before income tax	(68,788)	2,060	N.M.	(68,564)	4,458	N.M.
Prima facie taxation calculated at applicable rate on profit before income tax	20,892	(856)	N.M.	20,604	(1,484)	N.M.
Tax effect of (non-deductible items)/non-assessable	(2,540)	(530)	379.2	(2,777)	(1,001)	177.4
Research and development tax incentives	(4,890)	396	N.M.	(4,117)	1,927	(313.6)
Income tax benefit/(expense)	13,462	(990)	N.M.	13,710	(558)	N.M.
Potential tax benefit of losses for which no deferred tax asset has been recognised	(14,440)	0	100.0	(14,440)	0	100.0
Total income tax expense	(978)	(990)	(1.2)	(730)	(558)	30.8
Income tax expense percentage (%)	1.4%	-48.1%		1.1%	-12.5%	

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
	31/12/2015	30/06/2015	31/12/2015	30/06/2015
	AU$'000	AU$'000	AU$'000	AU$'000
CURRENT ASSETS				
Cash and cash equivalents	30,665	38,647	0	0
Trade receivables	172,152	177,609	0	0
Other receivables and prepayments	12,218	11,878	718	626
Inventories	8,659	7,856	0	0
Due from subsidiaries	0	0	42,057	12,789
Other assets	0	0	0	0
Total current assets	**223,694**	**235,990**	**42,775**	**13,415**
NON-CURRENT ASSETS				
Property, plant and equipment	197,459	181,642	0	0
Goodwill	13,222	13,530	0	0
Intangible assets	98,815	94,500	0	0
Other receivables and prepayments	2	2	0	0
Due from subsidiaries	0	0	136,358	158,654
Other assets	0	0	114,212	114,212
Deferred income tax assets	3,790	17,372	0	0
Total non-current assets	**313,288**	**307,046**	**250,570**	**272,866**
Total assets	**536,982**	**543,036**	**293,345**	**286,281**
CURRENT LIABILITIES				
Trade payables	71,618	77,736	0	0
Other payables	65,850	37,201	1,265	2,432
Borrowings	137,320	10,235	15,836	8,663
Accruals for other liabilities and charges	19,218	13,019	0	0
Current income tax liabilities	4,073	2,541	238	78
Total current liabilities	**298,079**	**140,732**	**17,339**	**11,173**
NON-CURRENT LIABILITIES				
Deferred income tax liabilities	2,618	2,601	0	0
Due to subsidiaries	0	0	8,671	9,740
Borrowings	54,986	156,823	122,548	121,013
Accruals for other liabilities and charges	1,713	1,449	0	0
Total non-current liabilities	**59,317**	**160,873**	**131,219**	**130,753**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	128,040	128,040	128,040	128,040
Capital reserve	(163)	(163)	(163)	(163)
Share option reserve	3,708	3,114	3,708	3,114
Foreign currency translation reserve	20,941	14,058	20,450	20,112
Retained earnings/(Accumulated losses)	27,743	96,821	(7,248)	(6,748)
Total equity attributable to owners	**180,269**	**241,870**	**144,787**	**144,355**
Non-controlling interest	**(683)**	**(439)**	**0**	**0**
Total equity	**179,586**	**241,431**	**144,787**	**144,355**
Total liabilities and equity	**536,982**	**543,036**	**293,345**	**286,281**

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

	31/12/2015		30/06/2015	
	AU$'000	AU$'000	AU$'000	AU$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	30,901	106,419	10,235	0
Amount repayable after one year	16,449	38,537	17,359	139,464

On 20 October 2014, the Company announced that AusGroup Limited (the "issuer") 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 bear interest at a fixed rate of 7.45% per annum payable semi-annually in arrears and, unless previously redeemed or cancelled, will mature on 20 October 2016. The initial interest payment of S$4.1m was made on 20 April 2015.

On 1 April 2015, the Company announced that AusGroup Limited has entered in a facility agreement for a US$20m 3 year term loan. The loan facility was used to refinance the Wingate facility at a much reduced all-in interest rate, while extending the Group's debt maturity profile to 2018.

During Q4 FY2015 the Group entered into an AU$30m Surety bond facility with Vero to ensure the Group maintains its bonding capacity for bid bonds, performance bonds and financial guarantees.

In 4Q FY2015 the Group entered into a AU$23m bridge loan facility (Bridge Loan) with DBS Bank Ltd. As at 31 December 2015, AU$13.0m of this balance was drawn down. The terms of this bridging loan include covenant requirements consistent with that of the Group's other DBS facilities (refer below).

In 2Q FY2016 the Group entered into an Accounts Receivable Purchase facility with DBS (ARP facility) for key debtor balances. This provided the Group with AU$23m of facility to be drawn down. As at 31 December 2015 AU$8.9m of this balance had been utilized.

The current portion of debt has increased in 2Q FY2016 due to the Notes being reclassified as current as this balance is due to be repaid in October 2016 as outlined above.

Details of secured collateral

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$11.6 million (reduced from $25m in Q1). A fixed and floating charge executed by AusGroup Ltd, AusGroup Singapore and Modern Access Services in favour of The Lender.

First registered fixed and floating charge over all the present and future property, interests, rights and proceeds of AGC Australia Pty Ltd, AGC Industries Pty Ltd, MAS Australasia Pty Ltd, Seagate Structural Engineering Pty Ltd, AGC Energy & Infrastructure Pty Ltd, and Resource People Pty Ltd ("Australian Group Companies"), including real and personal property, goodwill, uncalled and called but unpaid capital.

First registered real property mortgage by AGC Australia Pty Ltd over the commercial properties located at 15 Beach Street, Kwinana WA 6167 and Seagate Structural Engineering Pty Ltd over property located at Lots 17 and 18 Gap Ridge Industrial Estate Karratha WA.

Facility covenants

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 and a minimum net worth (net asset) balance for both the Programme and DBS facilities. As at 31 December 2015 the Group met all but one of these financial covenants as described below.

As at the 31 December 2015 Notes covenant assessment date, the Group was in breach of the EBITDA / Interest Cover covenant. However, pursuant to an extraordinary general meeting of noteholders held on 29 January 2016, this breach was waived without modification to the resolution presented.

In the days following this resolution, the Group entered into a supplemental trust deed with DBS Bank Ltd, as trustee, to amend various provisions of the Trust Deed and Conditions of the Notes as described in the Extraordinary Resolution announced on 1 February 2016.

AusGroup Limited is required to maintain a minimum consolidated trade debtor balance compared to the current outstanding under the existing Bridge Loan and ARP facilities.

Under the facilities, AusGroup Limited has 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. As at 31 December 2015 the Group met the negative pledge requirements.

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	GROUP	GROUP	GROUP
	2Q 2016	2Q 2015	HY 2016	HY 2015
	AU$'000	AU$'000	AU$'000	AU$'000
Cash flows from operating activities				
(Loss)/profit before taxation	(68,788)	2,060	(68,564)	4,458
Add / (less) adjustments for:				
Depreciation of property, plant and equipment	2,808	2,291	5,501	4,559
Amortisation of intangible assets	2,139	868	2,648	1,792
Employee share and share option scheme expense	274	221	594	730
Impairment loss on property, plant and equipment	0	200	0	200
Impairment loss on trade receivables	44,621	35	44,621	35
Net foreign exchange differences	(2,113)	0	(295)	0
Profit on disposal of property, plant and equipment	(131)	(261)	(400)	(687)
Interest income	(112)	(225)	(229)	(412)
Finance costs	4,070	1,224	5,308	2,048
Research and development tax credits	16,300	(1,323)	13,723	(6,423)
Operating cash flows before working capital changes	**(932)**	**5,090**	**2,907**	**6,300**
Changes in operating assets and liabilities				
Changes in operating assets and liabilities, net of effects from acquisition of business				
Trade receivables	(1,973)	(4,078)	(39,164)	(29,881)
Other receivables and prepayments	(3,532)	(4,691)	(341)	(2,732)
Inventories	98	(1,471)	(803)	(581)
Trade payables	11,243	(16,064)	887	(7,757)
Accruals and other payables	13,541	(4,536)	35,070	5,979
Cash generated from/(used in) operations	**18,445**	**(25,750)**	**(1,444)**	**(28,672)**
Interest paid	(5,912)	(783)	(6,455)	(1,601)
Interest received	112	225	229	412
Income tax (paid)/received	(359)	9,548	(827)	10,319
Net cash generated from/(used in) operating activities	**12,286**	**(16,760)**	**(8,497)**	**(19,542)**
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	981	466	1,701	1,853
Purchase of property, plant and equipment	(2,908)	(14,500)	(20,852)	(16,570)
Net cash outflow on acquisition of subsidiaries	0	(12,189)	0	(12,189)
Release of restricted cash	0	0	13,894	0
Purchase of intangible assets	(159)	(98)	(274)	(1,789)
Net cash used in investing activities	**(2,086)**	**(26,321)**	**(5,531)**	**(28,695)**

1(c) Consolidated Statement of Cash Flows (continued)	GROUP	GROUP	GROUP	GROUP
	2Q 2016	2Q 2015	HY 2016	HY 2015
	AU$'000	AU$'000	AU$'000	AU$'000
Cash flows from financing activities				
Payment of share issue costs	0	(122)	0	(122)
Repayment of finance leases	(2,337)	(266)	(4,320)	(556)
Proceeds from borrowings	14,674	102,405	17,688	104,180
Repayment of borrowings	0	(34,000)	0	(34,000)
Net cash generated from financing activities	**12,337**	**68,017**	**13,368**	**69,502**
Net increase in cash and cash equivalents	**22,537**	**24,936**	**(660)**	**21,265**
Effect of exchange rate changes	483	(209)	19	609
Movement in cash and cash equivalents for the period	**23,020**	**24,727**	**(641)**	**21,874**
Cash and cash equivalents (net of overdraft) at beginning of period	(16,679)	37,992	6,982	40,845
Cash and cash equivalents at end of period	**6,341**	**62,719**	**6,341**	**62,719**
Cash and cash equivalents represented by				
Cash and cash equivalents	30,665	62,719	30,665	62,719
* Restricted cash	(11,615)	0	(11,615)	0
Less: Bank overdraft	(12,709)	0	(12,709)	0
Total cash and cash equivalents at end of period	**6,341**	**62,719**	**6,341**	**62,719**

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	NON-CONTROLLING INTEREST	TOTAL EQUITY
Group	AU$'000	AU$ '000	AU$'000	AU$'000	AU$'000	AU$'000	AU$'000	AU$'000
HY 2016								
Balance as at 1 July 2015	128,040	(163)	3,114	14,058	96,821	241,870	(439)	**241,431**
Profit for the period ended 30 September 2015	0	0	0	0	348	348	124	**472**
Other comprehensive income/(loss) for the period ended 30 September 2015	0	0	0	10,468	0	10,468	(54)	**10,414**
Share based payment expense	0	0	320	0	0	320	0	**320**
Balance as at 30 September 2015	**128,040**	**(163)**	**3,434**	**24,526**	**97,169**	**253,006**	**(369)**	**252,637**
Loss for the period ended 31 December 2015	0	0	0	0	(69,426)	(69,426)	(340)	**(69,766)**
Other comprehensive (loss)/income for the period ended 31 December 2015	0	0	0	(3,585)	0	(3,585)	26	**(3,559)**
Share based payment expense	0	0	274	0	0	274	0	**274**
Balance as at 31 December 2015	**128,040**	**(163)**	**3,708**	**20,941**	**27,743**	**180,269**	**(683)**	**179,586**
HY 2015								
Balance as at 1 July 2014	99,599	(163)	886	3,528	92,279	196,129	0	**196,129**
Total comprehensive income for the period ended 30 September 2014	0	0	0	2,129	2,830	4,959	0	**4,959**
Share based payment expense	0	0	509	0	0	509	0	509
Balance as at 30 September 2014	**99,599**	**(163)**	**1,395**	**5,657**	**95,109**	**201,597**	**0**	**201,597**
Total comprehensive (loss)/income for the period ended 31 December 2014	0	0	0	(950)	920	(30)	100	**70**
Acquisition of subsidiaries	28,441	0	0	0	0	28,441	0	**28,441**
Additional non-controlling interests arising on the acquisition of subsidiaries	0	0	0	0	0	0	(50)	**(50)**
Share based payment expense	0	0	221	0	0	221	0	**221**
Balance as at 31 December 2014	**128,040**	**(163)**	**1,616**	**4,707**	**96,029**	**230,229**	**50**	**230,279**

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

	SHARE CAPITAL	CAPITAL RESERVE	SHARE BASED PAYMENT RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTEREST	TOTAL
Company	**AU$'000**	**AU$'000**	**AU$'000**	**AU$'000**	**AU$'000**	**AU$'000**	**AU$'000**	**AU$'000**
HY 2016								
Balance as at 1 July 2015	128,040	(163)	3,114	20,112	(6,748)	144,355	0	**144,355**
Loss for the period ended 30 September 2015	0	0	0	0	(221)	(221)	0	**(221)**
Other comprehensive income/(loss) for the period ended 30 September 2015	0	0	0	1,073	0	1,073	0	**1,073**
Share based payment expense	0	0	320	0	0	320	0	**320**
Balance as at 30 September 2015	**128,040**	**(163)**	**3,434**	**21,185**	**(6,969)**	**145,527**	**0**	**145,527**
Loss for the period ended 31 December 2015	0	0	0	0	(279)	(279)	0	**(279)**
Other comprehensive loss for the period ended 31 December 2015	0	0	0	(735)	0	(735)	0	**(735)**
Share based payment expense	0	0	274	0	0	274	0	**274**
Balance as at 31 December 2015	**128,040**	**(163)**	**3,708**	**20,450**	**(7,248)**	**144,787**	**0**	**144,787**
HY 2015								
Balance as at 1 July 2014	99,599	(163)	886	4,173	(3,290)	101,205	0	**101,205**
Total comprehensive income/(loss) for the period ended 30 September 2014	0	0	0	3,975	(604)	3,371	0	**3,371**
Share based payment expense	0	0	509	0	0	509	0	**509**
Balance as at 30 September 2014	**99,599**	**(163)**	**1,395**	**8,148**	**(3,894)**	**105,085**	**0**	**105,085**
Total comprehensive income/(loss) for the period to 31 December 2014	0	0	0	2,912	(1,885)	1,027	0	**1,027**
Acquisition of a subsidiary	28,441	0	0	0	0	28,441	0	**28,441**
Share based payment expense	0	0	221	0	0	221	0	**221**
Balance as at 31 December 2014	**128,040**	**(163)**	**1,616**	**11,060**	**(5,779)**	**134,774**	**0**	**134,774**

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 December 2015	**30 September 2015**
Number of issued shares		
Opening balance	740,432,016	740,432,016
Issuance of shares	-	-
Closing balance	740,432,016	740,432,016

As at 31 December 2015 there were outstanding options for 1,561,000 (31 December 2014: 1,674,000) 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 31 December 2015 there were 2,091,299 (31 December 2014: 2,561,473) outstanding rights that may potentially be converted to shares under the employee share scheme. The Group did not meet the relevant TSR (Total shareholder return is based on a comparable peer group) targets for the financial year ended 30 June 2015, hence, no ordinary shares are expected to be issued under the employee share scheme.

As at 31 December 2015 and 31 December 2014 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 December 2015	**30 June 2015**
Number of issued shares	740,432,016	740,432,016

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 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 2015, except for new and amended FRS and Interpretation to FRS ("INT FRS") that are mandatory for application from 1 July 2015.

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 2Q 2016 AU$'000	GROUP 2Q 2015 AU$'000	GROUP 6M 2016 AU$'000	GROUP 6M 2015 AU$'000
(Loss)/profit after taxation	(69,766)	1,070	(69,294)	3,900
Weighted average number of ordinary shares in issue applicable to earnings ('000)	740,432	703,369	740,432	675,823
Fully diluted number of ordinary shares ('000)	742,523	706,060	742,523	683,271
(Loss)/earnings per ordinary share (AU cents)				
- Basic	(9.4)	0.2	(9.4)	0.6
- Diluted	(9.4)	0.2	(9.3)	0.6

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		COMPANY	
	31/12/2015	30/06/2015	31/12/2015	30/06/2015
	AU$'000	AU$'000	AU$'000	AU$'000
Net assets	179,586	241,431	144,787	144,355
Net asset value per ordinary share based on issued share capital at the end of the respective periods (AU cents)	24.3	32.6	19.6	19.5

Net asset value per ordinary share is calculated based on 740,432,016 ordinary shares as at 31 December 2015 (30 June 2015: 740,432,016 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 second quarter of FY2016 increased by 5.6% to AU$126.1 million (2Q FY2015: AU$119.4 million).

Revenue for the first half of FY2016 increased by 3.6% to AU$258.9 million (HY2015: AU$249.9 million).

Revenue growth during the period was mainly due to increased revenue contributions from Port & Marine Services (contribution of $15.6m in revenue during HY2016), while the better than expected performance in the Maintenance Services and Access Services business units (contribution of $117.7m in revenue during HY2016) was offset by the poor performance of the Fabrication and Manufacturing business in both Australia and Singapore during the period.

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

Cost of sales

The cost of sales for the second quarter of FY2016 increased by 24.7% to AU$132.6 million (2Q FY2015: AU$106.3 million).

The cost of sales for the first half of FY2016 increased by 11.8% to AU$250.1 million (HY2015: AU$223.8 million).

The cost of sales number included a write back of research and development tax credits of AU$16.3m in 2Q FY2016 due to the de-recognition of deferred tax assets carried relating to the research & development tax incentive balances. The remainder of the increase in cost of sales was in line with the level of operating activity, but proportionally greater than the increase in revenue driven primarily by labour costs.

Gross (loss)/profit

The gross margin weakened to (5.1%) during the second quarter of FY2016 primarily due to the one-off adjustment to write back the research and development tax credits as described in Cost of Sales above. Excluding this adjustment the gross margin had slightly weakened to 7.8% compared to 2Q FY2015 mainly as a result of continued tightening in the oil & gas industry as primary producers continued to reduce capital spend and looked for operating efficiencies on the back of a severely deflated oil price, resulting in lower margins for services rendered.

The gross margin decreased to 3.4% during the first half of FY2016 when compared to 2H FY2015. The gross profit margin moved below the 10-12% target range due to the poor performance in 2Q FY2016 due to the reasons as stated above.

(iii) Other operating income

Other operating income for the second quarter of FY2016 decreased to AU$0.1 million (2Q FY2015: AU$0.6 million).

Other operating income for the first half of FY2016 decreased to AU$0.4 million (HY2015: AU$1.4 million).

The decrease was due to the lower interest income, lower gains from disposal of property, plant and equipment and gains in sundry income offset by adverse foreign exchange movements in the period.

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

Other operating costs
Other operating costs for the second quarter of FY2016 increased by 46.8% to AU$7.5 million (2Q FY2015: AU$5.1 million). The increase was mainly due to the increased scope of operations of the Port & Marine business comparative to the FY2015 year resulting in a proportional increase in other operating expenses.

Other operating costs for the first half of FY2016 increased by 40.2% to AU$14.9 million (HY2015: AU$10.6 million), consistent with the reasons outlined above.

Impairment of receivables
The extended delay in the full commercialization of the Port Melville facility, combined with the poor performance by our Fabrication and Manufacturing business in both Australia and Singapore due to the continued tightening in capital spend in the oil and gas industry, resulted in increased pressure on cash reserves. As a result, the Group has taken an aggressive approach on work in progress claims to convert these receivables into cash, occasioning the writing down of the recoverability of carried work in progress balances in the quarter and half year to date by AU$44.6m for an anticipated immediate cash settlement of $21.9m to be received in Q3 FY2016.

Administrative expenses
Administration expenses for the second quarter of FY2016 increased by 13.0% to AU$5.6 million (2Q FY2015: AU$4.9 million). This is primarily driven by increased costs associated with ongoing restructuring and business transformation activities being undertaken in the FY2016 year aimed at delivering sustainable long term improvements to business operations. The increase in the scope of support functions attributable to the Port & Marine business also contributed to the increase.

Administration expenses for the first half of FY2016 increased by 20.6% to AU$11.5 million (HY2015: AU$9.5 million), consistent with the reasons outlined above.

Marketing and distribution expenses
Marketing and distribution expenses for the second quarter of FY2016 increased by 75.0% on a small base to AU$0.7 million (2Q FY2015: AU$0.4 million). The increase is mainly due to a larger Australian marketing team and slightly higher spend on marketing related activity in Australia and Singapore.

Marketing and distribution expenses for the first half of FY2016 increased by 55.6% to AU$1.4 million (HY2015: AU$0.9 million), consistent with the reasons outlined above.

(v) Finance costs

Finance costs for the second quarter of FY2016 significantly increased by 232.5% to AU$4.1 million (2Q FY2015: AU$1.2 million). The higher borrowing cost was mainly attributable to the higher overall debt position for the Group to support the development and commencement of the Port & Marine services business. This increase was further impacted by the construction phase of the Port Melville facility having been completed, and thus no further interest costs relating to this project were capitalized.

Finance costs for the first half of FY2016 increased by 159.2% to AU$5.3 million (HY2015: AU$2.0 million), consistent with the reasons outlined above.

(vi) Income tax expense

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

(vii) Profit/(Loss) after tax

The loss after tax for the second quarter of FY2016 increased to AU$69.8 million (2Q FY2015: profit of AU$1.1 million) whilst for the first half of FY2016 the loss after tax was AU$69.3 million (HY2015: profit of AU$3.9 million).

The Fabrication and Manufacturing business unit continues to feel the effects of the reduction in the capital spend in the oil and gas industry, now further exacerbated by the significant deflation in global oil prices in the period resulting in a significant tightening in spending in all oil and gas related activities.

The Port & Marine business has also not yet brought a proportional increase in revenue and gross margins due to delays in the environmental and regulatory approvals postponing the full commercialization of the port.

The factors above have resulted in increased pressure on the Group's cash reserves, and in response the Group has taken an aggressive approach on work in progress claims to convert these receivables balances into cash, occasioning the writing down of the recoverability of carried work in progress balances by AU$44.6m for an anticipated immediate cash settlement of $21.9m to be received in Q3 FY2016.

The loss after tax result was also impacted by the one-off adjustment to write back of research and development tax credits as described in Cost of Sales above of $16.3m.

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 December 2015 amounted to AU$179.6 million, a decrease of 25.6% over the previous year (30 June 2015: AU$241.4 million) following the loss for the period of AU$69.3 million, however, offset by increase in foreign currency translation reserves given favourable movements in the foreign exchange rates applicable to the group. (AU$6.9 million).

(ii) Non-current Assets

Total non-current assets amounted to AU$313.3 million at 31 December 2015, representing a 2.0% increase over the previous year (30 June 2015: AU$307.0 million). The increase was mainly due to the final construction costs incurred for the Port Melville asset in FY2016, partially offset by the de-recognition of deferred tax assets carried relating to the research & development tax incentive balances as described in Cost of Sales above.

(iii) Current Assets

Total current assets amounted to AU$223.7 million as at 31 December 2015, representing a 5.2% decrease compared with the previous year (30 June 2015: AU$236.0 million). The decrease was due to the impairment of long outstanding work in progress receivable balances, partially offset by higher trade receivables and current work in progress balances for on-going project work.

Trade receivables are split as follows:

	31/12/2015	30/06/2015
	AU$'000	AU$'000
Trade receivables		
- Trade receivables	90,084	74,546
Construction contracts		
- Due from customers	77,068	91,923
- Retentions	5,000	11,140
	82,068	103,063
	172,152	177,609

(iv) Current Liabilities

Total current liabilities amounted to AU$298.1 million at 31 December 2015, representing a 111.8% increase over the previous year (30 June 2015: AU$140.7 million). The increase was mainly due to the reclassification of the Multicurrency Debt Notes ("Notes") borrowings (31 December 2015: AU$106.4 million) from non-current to current due to the expiry date in October 2016.

Trade payables are split as follows:

	31/12/2015	30/06/2015
	AU$'000	AU$'000
Trade payables		
- Trade payables	58,291	58,115
Construction contracts		
- Due to customers	13,327	19,621
	71,618	77,736

The write down of the work in progress receivables and the re-class of the Notes to current liability, meant the Group was in a net current liability position as at 31 December 2015. In response to this, the Group is reviewing its options to refinance and extend the debt profile of the Notes ahead of the October 2016 due date.

(v) Non-current Liabilities

Total non-current liabilities has decreased by 63.1% to AU$59.3 million (30 June 2015: AU$160.9 million). The increase was mainly due to the reclassification of the Notes as described above from non-current to current.

C Cash Flows

(i) Operating activities
Net cash generated from/(used in) operating activities was AU$12.3 million and (AU$8.5) million in 2Q FY2016 and HY 2016 respectively. The variation in operating cash flows in 2Q FY2016 and HY 2016 was mainly due to significant timing differences of the receipts from customers and payment to suppliers.

(ii) Investing activities
Net cash used in investing activities was AU$2.1 million and AU$5.5 million in 2Q FY2016 and HY2016 respectively, spent mainly on the purchase of operating equipment and construction activities related to the development of Port and Marine services business, and the acquisition of scaffolding assets in the Access business. The cash outflow was offset by proceeds received from disposals of property, plant and equipment in Australia, and the release of restricted cash in Q1.

(iii) Financing activities
Net cash generated from financing activities was AU$12.3 million and AU$13.4 million in 2Q FY2016 and HY 2016 respectively. The cashflow for the period was generated from proceeds from borrowings of AU$14.7 million through the net draw down of facilities with DBS, partially offset by the settlement of finance lease liabilities of AU$2.3 million.

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, AusGroup Singapore, MAS and Teras Australia, we provide maintenance, construction, access services, fabrication and manufacturing and port & marine services. With over 27 years of experience, we are committed to helping our clients build, maintain and upgrade some of the region’s most challenging projects.

Our capabilities

Maintenance Services
Our maintenance services include long-term specialist support, campaign shutdowns / turnarounds, refractory and the management of all maintenance services.

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

Access Services
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, testing and precision machining.

Port and Marine Services
Our port and marine services include ocean towage, geared break-bulk carriers, module transport ballasting, marine supply bases, port operations, design and construct special purpose vessels and project management.

Significant Trends & Competitive Conditions

The major themes confronting the industry and the Group:
- There is rapidly declining capex activity in exploration and production phases for oil and gas resulting in historically lower volumes for Fabrication and Manufacturing.
- Continuing margin pressures creating an associated need to implement significant cost reduction initiatives.
- Innovation in contractual and project delivery processes are key to embedding long term relationships with clients.
- There is a need to strategically review how capital is deployed with consideration given to divestment alternatives.
- Industry consolidation is expected to gather pace as economies of scale become increasingly important in the market with fewer opportunities.
- There is a need to continue to monitor headcount and cost base to ensure it is correctly sized for today's competitive market where all clients are focused on adding value to their operations and reducing cost.

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. As described in the operating performance summaries above, the Group is closely reviewing the recoverability of our work in progress positions, including Karara, though the Group is still of the opinion that we are in a strong legal position to recover all monies owing.

The Group will continue to monitor the recoverability of this receivable, particularly in light of the current conditions being experienced in global commodity markets.

Action between a former employee and AusGroup Singapore Pte Ltd

On 16 March 2015, a former employee (the "Plaintiff") commenced action against AusGroup Singapore Pte Ltd (the "Defendant") for payment of variable employment bonuses, which the Plaintiff asserts were due from the Defendant during the Plaintiff's employment.

The Plaintiff filed an application for summary judgment on 30 June 2015 and was granted judgement in October 2015 for payment by the Defendant of the principal sum of S$906,000 plus interests and costs ("the Judgment Sum").

On 14 October 2015, the Defendant filed a Notice of Appeal against the judgement. The hearing of the appeal has yet to be fixed as the Defendant is applying for leave to file further affidavit evidence, though this is expected to be in March 2016.

Overall

Despite continued decline in capital projects across the oil & gas and resources sector, AusGroup's work in hand at 31 December 2015 remained strong at AU$376.4 million (30 June 2015: AU$466.6 million). Additionally in early January 2016 the Group received an extension to one of its existing contract to the value of AU$73m, which will assist in the group in maintaining a strong work in hand position heading into Q3.

This strong order book in an uncertain market for our Engineering Services business reflects the key strategic decisions of focusing on long-term recurring revenue contracts through providing maintenance services to capital projects committed to and completed and to focus upon our core strengths of providing multi-disciplinary services of scaffolding, insulation, refractory and fabrication services.

The diversification into Port & Marine Services has progressed with the completion and commissioning of the Port Melville fuel facility in July 2015. However the commencement of full port operations has suffered due to continued delays in environmental and regulatory approval processes. In 2Q FY2016 the Group received an assessment from the Northern Territory Environmental Protection Authority stating that Port Melville did not require an assessment under the Environmental Authority Act as announced to the market on 16 October 2015. Further to this, the Group received a referral decision from the Department of the Environment (DoE) that the Port Melville Supply Base is not a controlled action, and as such, further assessment and approval will not be required under the Environment Protection and Biodiversity Conservation Act before it can proceed, provided it is taken in accordance with the manner described in the decision document. This was announced to the market on 28 October 2015. The port received their first vessel during the quarter, facilitating the export of the first shipment of woodchips from the Tiwi Islands. The fuel distribution aspect of the port is awaiting the finalization of a fuel supply agreement to commence full operation.

The forward pipeline remains solid, but is suffering on the back of a the oil price falling to 11 year lows, resulting in a slowing not only in capital spend, but all non-compulsory spend in the oil and gas sectors. These events have particularly impacted our Fabrication and Manufacturing arms in Australia and Singapore. Our diversified strategic model across construction, maintenance and port & marine services segments, however continues to provide opportunities to utilize our multi-disciplinary services.

The Group expects, from time to time, delays in the finalizing of variations around certain types of 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 states that when the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

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

Name of interested person	Aggregate value of all interested person transactions during second quarter of FY2016 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 second quarter of FY2016 (excluding transactions less than $100,000)
Australasian Insulation Supplies	AU$157,250	N/A
Ezion Holdings Limited	AU$788,276*	AU$1,748,982*

* Charter of vessels & barges, management fee, interest charges and reimbursement of expenses paid on behalf by Ezion Holdings Limited, covered under the shareholders' mandate.

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

Stuart Maxwell Kenny
Non-Executive Board Chair

Eng Chiaw Koon
Managing Director

13 February 2016

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.