Ready to Deliver

AusGroup Limited

Annual Report 2013

AusGroup

Front Cover:

CBH Shiploader Refurbishment, Kwinana, Western Australia

Sino Iron Power Station, Cape Preston, Western Australia

Karara Iron Ore Project Mine Site, Perenjori, Western Australia

Contents

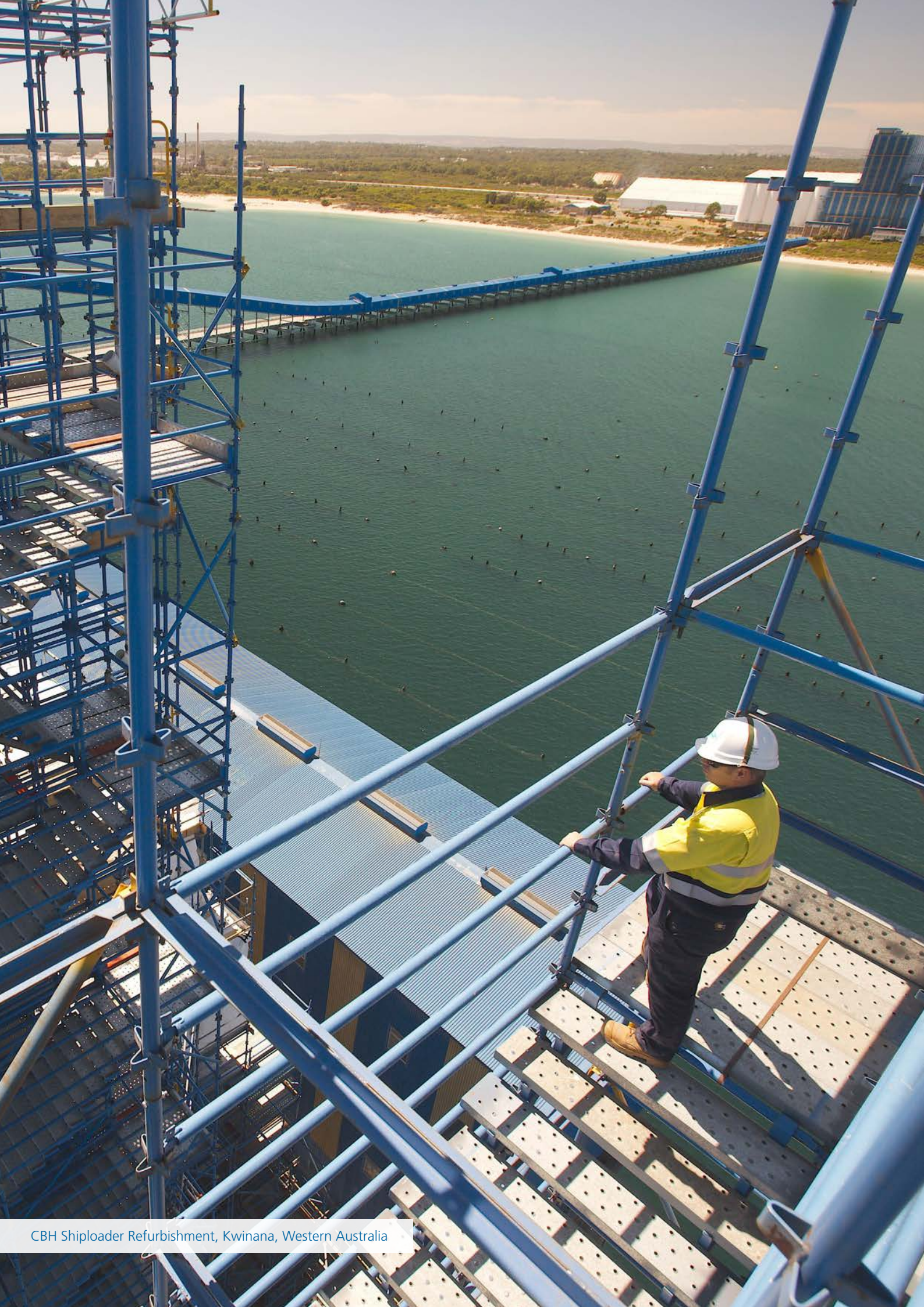
AusGroup Limited is a growth-orientated fabrication, construction and integrated services company in Australia and South East Asia, that strives for performance excellence in everything we do.

We provide a range of fabrication and manufacturing, construction, scaffolding, insulation, painting, refractory and maintenance services.

Today we are helping our clients both large and small to build, maintain and upgrade some of the world's most challenging oil and gas, mineral resource and infrastructure development projects.

Our primary objective is to deliver a satisfactory return to our shareholders. We do this through:

- Our clear and focused strategy
- Our people
- Our approach and our attitude to safety, the environment and the community we work in.



CBH Shiploader Refurbishment, Kwinana, Western Australia

Financial Performance

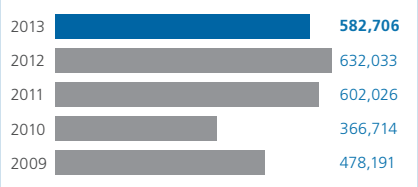
FOR THE YEAR (AU$'000)	2013	2012	Change
Revenue	**582,706**	632,033	-8%
Earnings before interest, tax, depreciation and amortisation	**33,069**	53,759	-38%
Earnings before interest and tax	**17,651**	38,483	-54%
Profit before tax	**14,285**	35,508	-60%
Profit after tax	**9,709**	23,313	-58%

AT YEAR END (AU$'000)			
Shareholders' equity	**173,200**	163,950	6%
Total assets	**305,791**	281,469	9%
Net debt / (funds)	**18,288**	(26,678)	-169%
Cash (used in) / generated from operations	**(11,468)**	47,166	-124%
Free cash flow	**(25,409)**	33,909	-175%

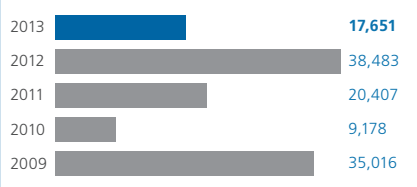
FINANCIAL RATIOS			
Earnings per share (AU$ cents)	**2.0**	4.9	-59%
Return on equity (%)	**5.6%**	14.2%	-61%
Return on assets (%)	**3.2%**	8.3%	-61%
Interest cover (times)	**4.6**	11.7	-61%

PRODUCTIVITY DATA (AU$'000)			
Economic value added	**(7,725)**	7,708	-200%

Revenue (AU$'000)

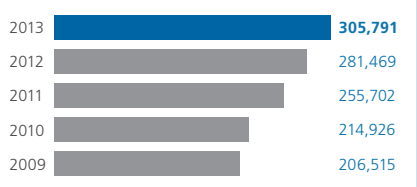


EBIT (AU$'000)



Profit after tax (AU$'000)

Total assets (AU$'000)



Shareholders' equity (AU$'000)

"AusGroup has successfully navigated softening market conditions during the past year…emerging well placed to deliver on the next wave of growth opportunities."

Sino Iron Project, Cape Preston, Western Australia

Chairman's Report

DEAR SHAREHOLDER

I'm pleased to report that AusGroup has successfully navigated softening market conditions during the past year, emerging well placed to deliver on the next wave of growth opportunities.

AusGroup's year-on-year financial results reflect a slowdown in unprecedented levels of construction activity associated with Western Australia's iron ore sector. Recorded revenue was AU$582.7 million for the financial year ended 30 June 2013.

AusGroup continues to maintain a steady pipeline of work heading into this financial year with the company's order book as at 30 June 2013 totalling AU$260 million.

During this challenging period, we have focused on driving greater operational efficiencies, improving project delivery, building capability and winning more work within the region's rapidly expanding oil and gas sector. The approach has already resulted in AusGroup securing a presence on flagship LNG projects including the Chevron-operated Gorgon Project, along with Ichthys, Pluto and Wheatstone.

Building our capability has meant investing in our people and processes. During the past 12 months, we have recruited for projects across Australia and South East Asia. It is vital that these new employees, along with existing staff, embrace our company's primary values – safety and wellbeing; integrity; mutual accountability; excellence; and courage.

To develop our collective skillset, AusGroup has extended its traineeship and apprenticeship programs. Highlights include the ongoing Aboriginal and Torres Strait Islander (ATSI) Traineeship Program, a pilot literacy and numeracy training program for refractory employees and extending opportunities for our painters to undertake surface finishing qualifications.

AusGroup has also stepped up leadership and training pathways for frontline managers. This year, the E-Colors® program, aimed at building awareness of personality types and improving overall communication, was introduced for all line, senior and executive managers.

AusGroup is progressing plans for the listing of its operations on the Australian Securities Exchange ("ASX"). The move is part of an overall strategy aimed at expanding operations in Australia, where the vast bulk of the company's business is located.

The Board of Directors has agreed to demerge all of its subsidiaries into a group headed by its wholly-owned subsidiary, AGC Australia Pty Ltd ("AGC"). Approximately 92 per cent of our revenue is currently generated in Australia. We believe an ASX listing will help raise the company's profile, assist in attraction and retention of staff and place the company in a better position to raise capital. Ultimately this should help fund its organic growth and increase leverage in pursuing growth through acquisitions.

The longer term outlook for the Australian resources sector in the Western Australian, Northern Territory and Queensland markets, particularly in oil and gas, LNG and coal seam methane, continues to be positive. We are confident of sustained demand for our services over the next few years due to the range of services that AusGroup can offer these markets as a highly competitive multidisciplinary contractor, delivering world-class outcomes.

I would like to extend my thanks and appreciation to all of our employees for their outstanding commitment and performance during the year. In particular, I would like to acknowledge the contribution of Chief Executive Officer and Managing Director, Laurie Barlow, and the wider executive team.

Finally, I would like to thank our shareholders for their ongoing trust and support.

DR CHEW KIA NGEE
Chairman
AusGroup Limited

CEO's Report

OVERVIEW

Coming off record revenue, driven by peak construction activity for Western Australia's major projects, the past year saw the company consolidate and build the capability and expertise that will allow it to take full advantage of Western Australia's burgeoning oil and gas sector, as well as target new markets in the eastern states.

In the last four months alone, this approach has seen AusGroup secure approximately AU$90 million worth of contracts – including further work on the Chevron-operated Gorgon Project, the INPEX Ichthys LNG Project in Darwin and Alcoa's Western Australia-based refineries. Our philosophy is simple and effective – win it, do it, support it.

To this end, we have strengthened our bidding process by targeting projects and sectors that complement our growth strategy; highlighting total capability and business unit integration; and pointing to a recent track record of delivering world-class outcomes for some of Western Australia's flagship oil and gas and mining projects.

In terms of delivery, we have bolstered our leadership team with key appointments including Michael Bourke, Executive General Manager – Operations and Michael Nesbitt, Executive General Manager - Projects. These appointments bring a combined 50 years' high-level experience in the Australian and international construction, oil and gas and mining sectors.

At AusGroup, we are continuously improving internal processes and platforms and seeking out greater operating efficiencies. In recent times this has included the introduction of Project Management Systems and the Oracle suite of systems. Externally, we work closely with clients at every stage of project delivery to ensure optimal outcomes. During the past year, this commitment has seen AusGroup secure repeat work with top tier clients including Woodside, Chevron, BHP Billiton, Rio Tinto and Alcoa.

Our Major Projects business was the standout performer, securing a number of contracts for projects including the construction and installation of all structural, mechanical, piping, electrical and instrumentation works associated with CSBP's AN3 PP2 Expansion Project; structural, mechanical and installation work for the Binningup Desalination Plant; structural, mechanical and piping work for BHP Billiton's Jimblebar Project and installation of all structural, mechanical and piping works associated with Karara's 10-30mtpa magnetite ore processing plant.

Our Fabrication and Manufacturing business is entrenched in the oil and gas market – supported by a specialised workforce and strategically-located plant and facilities south of Perth and in Singapore. For example, during the past 18 months we secured a foothold on the Chevron-operated Gorgon Project, winning contracts valued at more than AU$100 million. This includes significant repeat work for fabrication of subsea pipe spools.

Our Singaporean operations continue to target subsea oil and gas opportunities. In the coming year we will be looking to our existing relationships with our international customers based in Singapore, who are looking to expand their Australian presence.

Our Integrated Services business - including onshore and offshore asset maintenance, painting and insulation and scaffolding services – has slowed due to delays in the awarding of contracts. Despite this, AusGroup now has one of the largest scaffolding operations in the region, with a presence on major projects. Our maintenance and refractory services delivered a solid performance, with recent clients including Alcoa, Worsley Alumina and Queensland Alumina Limited.

HEALTH, SAFETY & WELLBEING

Protection of our people remains the number one priority for AusGroup. During the last year we have achieved zero incidents at several sites and projects. I particularly congratulate the team involved with the Binningup Desalination Plant, where our exemplary safety record contributed to a Contractor Excellence Award for the company. Our goal remains zero incidents at all sites, AusGroup's Perfect Day initiative encouraging staff to take an inclusive, hands-on approach to creating a safety first culture which continues to be embraced at all levels.

STRATEGY & OUTLOOK

With the current expansion of Western Australia's iron ore sector beginning to ease, we have spent time looking to our proven capability and expertise to take advantage of the pipeline of committed oil and gas opportunities. In the year ahead, we anticipate softening revenue streams in the short term; however we still expect improved overall profitability. We see significant opportunities in the LNG space – particularly for our fabrication, structural, mechanical and piping, insulation and scaffolding units.

We're keen to build upon long-term relationships in the maintenance services area, demonstrated by the recent awarding of a three-year extension to AusGroup's overhaul and maintenance contract with Alcoa of Australia. The company also views the east coast as a prime growth opportunity, having recently established a facility in Gladstone.

We will continue to drive greater operating efficiencies and project delivery performance by investing in our staff and focusing on risk management. AusGroup is a growing company, in the right place at the right time with the right business model. Over the next 18 months we aim to play a key role on the region's flagship infrastructure projects, unlocking value for investors, in accordance with our long-term growth strategy.

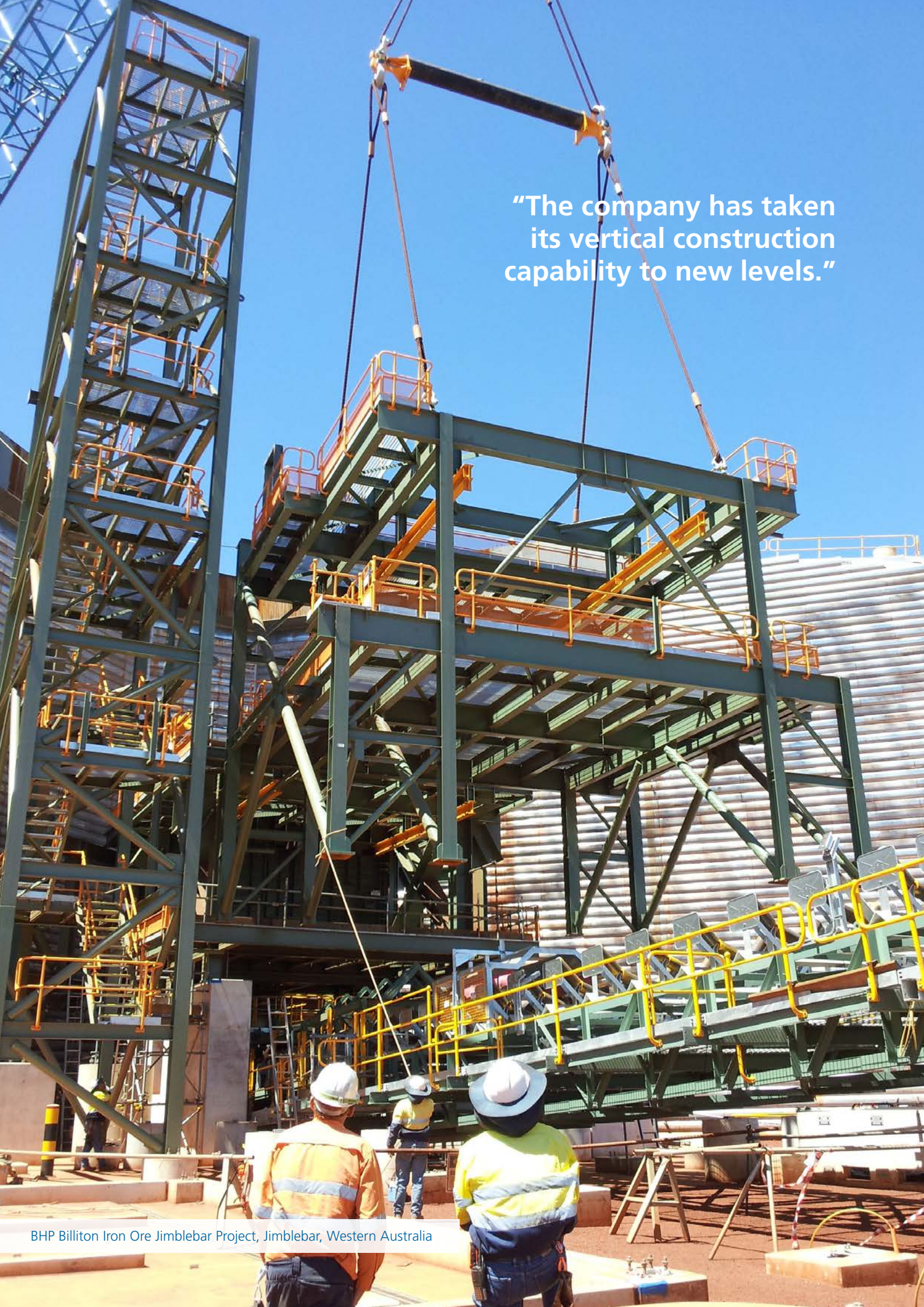
Southern Seawater Desalination Plant, Binningup, Western Australia

I would like to extend my gratitude to staff and their families for their outstanding efforts during the past year, including employees working in remote areas.

Finally, I especially thank our established clients, with whom we continue to have excellent relations, and, of course, our shareholders for your continued support.

LAURIE BARLOW
Chief Executive Officer and Managing Director
AusGroup Limited

"We have strengthened our bidding process by targeting projects and sectors that complement our growth strategy"



"The company has taken its vertical construction capability to new levels."

BHP Billiton Iron Ore Jimblebar Project, Jimblebar, Western Australia

Operations Overview: Major Projects

AusGroup's Major Projects business is playing a critical role in delivering on the company's long-term vision to become a significant player within the Australian market.

At the business's core is a focus on high-quality structural, mechanical and piping, construction and installation solutions to the oil and gas, mining and infrastructure industries.

Our involvement with many of Western Australia's flagship projects continues to grow. At peak, more than 2000 AusGroup employees were working on seven major sites across Western Australia.

Against a backdrop of increased activity, the business continues to deliver an excellent health and safety record. Achieving incident-free days - one day at a time - is the foundation of the company's Perfect Day philosophy.

The current work profile and project mix directly reflects AusGroup's overarching strategy to expand capability and diversify its customer base. The company has taken its vertical construction capability to new levels, demonstrated by the delivery of a comprehensive turnkey solution for Rio Tinto's Brockman 4 Project, completed in August 2012.

In a solid result, Major Projects secured a number of contracts with clients including CSBP, Southern Seawater Alliance, BHP Billiton, Fortescue Metals Group and Karara Mining.

In the coming financial year, the business is actively targeting new markets. This will include pursuing opportunities in the major infrastructure and the oil and gas sectors and building on the company's presence in Queensland and the Northern Territory.

PROJECT HIGHLIGHTS

CSBP Ammonium Nitrate Expansion Project

In November 2012, AusGroup was awarded the contract for construction and installation of all structural, mechanical, piping, electrical and instrumentation works associated with CSBP's Ammonium Nitrate Expansion Project.

The contract includes debottlenecking works to the existing prilling plant at the Kwinana site. Piping fabrication and pre-assembly works are being completed at AusGroup's nearby fabrication yard. In a further challenge, AusGroup is carrying out the expansion work while the existing plant remains fully operational.

The project successfully demonstrates the company's commitment to diversifying its customer base and expanding its onsite capability.

Southern Seawater Alliance (Binningup Desalination Plant)

In May 2013, AusGroup successfully completed its 12-month contract for the structural, mechanical and installation work associated with the desalination plant's main facility, as well as fabrication of the secondary steelwork.

Expansion of the Southern Seawater Desalination Plant at Binningup, 150km south of Perth, will double the facility's total operating capacity to 100GL per year. The plant will play a vital role in securing Western Australia's long-term water supply.

The company's exceptional performance culminated in its announcement as the project's most outstanding contractor. Importantly, the contract demonstrated the company's ability to deliver world-class outcomes in the major infrastructure project space.

Jimblebar Project

AusGroup has continued to work with BHP Billiton Iron Ore through an approximate AU$56 million contract for structural, mechanical and piping works associated with the Jimblebar ore handling facility. At peak, AusGroup had a direct labour contingent of 140 people working on the project.

Located 39km east of Newman, the new 35mtpa ore handling facility at Jimblebar involves construction of a primary crusher to run-of-mine ore and a 3.4km overland conveyor system to transfer primary crushed ore to the coarse ore stockpile.

Karara Iron Ore Project

The largest project by value for AusGroup in the last 12 months, the Karara Iron Ore Project has seen the realisation of the dream to export magnetite concentrate from the Mid-West Region of Western Australia to the steel mills of Asia.

AusGroup's contract focused on the field installation of all structural, mechanical and piping works associated with a 10-30mtpa magnetite ore processing plant.

The scope included some 13,000 tonnes of structural steel, 2,100 tonnes of platework, 53km of piping and 520 items of mechanical equipment – ranging from large Autogenous grinding and Ball Mills to small pumps.

At all times, AusGroup worked with the client as a fully integrated team member.

Cloudbreak Iron Ore Mine Expansion Project

FMG's Cloudbreak mining operation is located 50km north of Newman, in the heart of Western Australia's Pilbara Region.

As part of the Cloudbreak Enhancement Project Team (CEPT), the project was one of the first opportunities for AusGroup to highlight its engineering, procurement and construct capability.

Operations Overview: Fabrication & Manufacturing

AusGroup's Fabrication and Manufacturing business is essential in delivering on our growth strategy and demonstrating a turnkey capability that sets the company apart from its industry competitors. The business continues to demonstrate its flexibility in adapting to market demands, particularly within Australia.

Our fabrication and manufacturing facilities are located within Perth's high-wide load corridor in Kwinana, including tenure at the Australian Marine Complex in Henderson, where the company can utilise shed and heavy-lift wharf load access, ideal for heavy structure assembly.

Nearby in Kwinana, AusGroup has specialist workshops covering more than 45,000m², including six large fabrication bays and laydown and storage areas.

These strategically-located plant and facilities reduce the need for onsite assembly, delivering time and cost savings to our clients. Critically, it allows project developers to export construction man-hours to a more controlled, safe and cost-competitive offsite fabrication environment.

In Singapore, fabrication and machining workshops – located in the industrial area of Tuas – provide a range of specialised services, targeting the offshore oil and gas market. A workforce of qualified tradespeople focus on delivering high-quality fabrication, manufacturing, mechanical and structural installation, industrial insulation, machining, pressure testing, repair and refurbishment. This includes the capability to machine, fabricate and assemble telescopic joints, risers, subsea trees, flow bases, manifolds and standard wellheads.

Confronted by a moderating economy and a slowdown in new major mining projects, the company continued its successful transition into the oil and gas sector. This was underpinned by securing several direct and indirect contracts related to the Chevron-operated Gorgon Project – one of the world's largest natural gas projects. The quality and competitiveness of the work has resulted in the extension of several contracts related to pipe spool fabrication. In Singapore, our major customers are the blue-chip service providers to the offshore oil and gas sector including Cameron, GE Vetco and Aker Solutions. Our Singaporean customer base is growing once again, with AusGroup recently signing a frame agreement with Aker Solutions for the fabrication of Aker's riser tools. We're also assisting key customers with research and development opportunities for the sector, utilising our fabrication facilities and expertise.

Across both locations, our value-adding fabrication strategy, combined with a reputation for high-standard work and a safe working environment has put the company into a strong position to build its order book over the next 12 months. As opportunities within the Australian oil and gas sector increase, AusGroup will look to leverage existing relationships with our Singaporean customers, who are looking to expand their presence in the Western Australian market.

PROJECT HIGHLIGHTS

Gorgon Project - Surface Pipe Spools

In May 2013, AusGroup was awarded a contract extension for the fabrication of pipe spools – in total approximately 21,500 spools will be produced.

This is AusGroup's largest fabrication contract in the last two years, taking up more than 70 per cent capacity across all workshops. A team of several hundred people – including Class 2 and Class 3 welders, pipe fitters, riggers, crane operators, painters and project managers – have worked around the clock to deliver a high-specification, high-quality product for this global mega-project.

Gorgon Project - Subsea Pipe Spools

Work is underway for the fabrication of post metrology subsea spools for the Chevron-operated Gorgon Project, under a contract with leading seabed-to-surface engineering, construction and services contractor, Subsea 7.

The work is being carried out at the Australian Marine Complex. The spools are loaded onto barges for direct transportation to the Gorgon fields, west of Barrow Island. This will be one of the largest subsea pipe spool fabrication tasks ever completed in Australia. Once again, the work is high-specification with strict quality control, in accordance with the client's requirements.

Gorgon Project - Shear Keys

AusGroup recently completed fabrication of more than 3000 shear keys of various sizes for the Gorgon Project and has recently secured a contract extension for the manufacture and supply of additional shear keys.

Shear keys are important components for modular construction and are being used to secure the LNG Plant Modules in place on Barrow Island.

Wheatstone Project - Subsea

In March 2013, AusGroup was awarded a supply and fabrication contract for offshore pipeline and subsea construction by Allseas, as part of the Chevron-operated Wheatstone Project.

The work will play a critical role in the delivery of gas and condensate to the Wheatstone Platform, prior to being transferred to the onshore LNG facility. As part of the Allseas contract, AusGroup has been commissioned for the supply and fabrication of the Allotment 2 Wheatstone Infield Subsea Pipeline End Terminations, In Line Tees, Pig Launchers/Receivers and Abandonment/Recovery Heads.

Fabrication works for the project will be completed at AusGroup's Kwinana workshops and the Australian Marine Complex.

Woodside Greater Western Flank Project

In January 2013, AusGroup secured a fabrication contract with Fugro-TSM for Woodside's Greater Western Flank (GWF) Project. As an expansion of the North West Shelf Project, the AU$2.5 billion GWF Phase 1 Project will develop the Goodwyn GH and Tidepool fields.

The contract is for the fabrication of post metrology subsea spools for the first phase of the project, which will run into next year. The work will be performed at Kwinana and Henderson.

Upon completion, the spools will be loaded out for marine transportation to the GWF area off the North-West coast.

Marine riser, manufactured at the Singapore facilities

North West Fabrication Contract

AusGroup is contracted to Transfield Worley to provide fabrication and procurement services associated with ongoing maintenance activities for Woodside's gas producing assets.

This includes Karratha Gas Plant, Goodwyn A Platform and the North Rankin A Platform. The associated works encompass a mixture of maintenance, small, medium and large-sized projects designed to extend the life of the assets.

"Strategically-located plant and facilities reduce the need for onsite assembly, delivering time and cost savings to our clients."

Operations Overview: Integrated Services

AusGroup's Integrated Services business delivers a comprehensive suite of specialised support solutions, complementing other services provided by the company and are tailored to the needs of clients. Integrated Services provides onshore and offshore asset maintenance services, campaign and shutdown services (both planned and emergency), scaffolding and access solutions, industrial and cryogenic insulation and cladding, specialised coatings and linings, refractory linings, corrosion protection, passive fire protection, offshore hook-up and commissioning services, hazardous area equipment inspections and electrical and instrumentation services. Through early engagement with clients, we can identity their needs and deliver first-class outcomes in an integrated solution.

The business provides a stable revenue stream, based on a proven skillset and growing customer base. In accordance with strategic objectives, we are reducing the cyclic nature of earnings by pursuing multi-disciplinary services contracts with Tier 1 established operations. During the past year the company has strengthened our electrical and instrumentation offering, providing standalone capability in greenfield or brownfield environments, or as part of an integrated maintenance or construction team.

AusGroup now has one of the largest scaffolding operations in the region, having established a presence on major LNG projects in Australia including Gorgon, Pluto and the Karratha Gas Plant in WA's North West. The company continues to reach out to South East Asia, with bases in Thailand and Singapore. AusGroup's scaffolding capability closely aligns with the company's painting and insulation operations, with many of the same LNG projects benefiting from our expertise in the application of protective coatings, acoustic, cold and cryogenic insulation and passive fire protection.

Our refractory division continues to be a valued service and is growing across Australia. Our experience and advanced methodologies and systems ensure the safe and efficient delivery of refractory maintenance and upgrades across a variety of clients in cement, alumina, mineral sands and furnace applications. Our integrated approach means we are able to supply fully-qualified, experienced personnel to carry out mechanical works commonly undertaken during plant outages. Recent clients include Alcoa, Worsley Alumina and Queensland Alumina Limited (QAL).

In the coming year, AusGroup's Integrated Services business will look to build on its market share and comprehensive capability to integrate with scaffolding and mechanical and electrical services to deliver comprehensive solutions for clients.

PROJECT HIGHLIGHTS

Pluto LNG Project

The Integrated Services team successfully completed the painting and insulation package associated with the construction of the Pluto LNG Train. Initial work was limited to the area known as Site A - the LNG storage and load out sections of the project, including the run-down lines and jetty, along with the slug-catcher and effluent treatment plant. There was also a requirement to paint and insulate a "stick-built" area within the area.

Demonstrating high standards of workmanship, AusGroup was subsequently awarded a contract to install additional insulation systems throughout the site. This included the Site B process areas.

AusGroup's initial contract was extended to 33 months which was a significant escalation in contract value. AusGroup's reputation as a contender for LNG works on the world scene has been firmly established with the successful completion of the Pluto LNG Project.

Gorgon LNG Project

In June 2013, AusGroup announced it has secured an initial contract with CB&I and Kentz Joint Venture (CKJV) for the Chevron-operated Gorgon Project.

The contract has been awarded for ongoing scaffolding services. It's anticipated strong performance and delivery may position AusGroup to secure further work over the life of the project. The company has been commissioned to supply multi-purpose scaffolding which will be used to provide access for insulation, painting, installation and other works undertaken on Barrow Island.

The scope also includes the provision of key management personnel and the use of a specialised in-house Scaffold Management System. AusGroup will also assist with the planning, design, engineering and coordination of scaffolding on the project.

Integrated Multi Discipline Services Contracts

AusGroup is providing maintenance and modifications capability to Apache's Varanus Island facilities and offshore assets on the North West Shelf, along with Alcoa's Wagerup, Pinjarra and Kwinana production facilities.

The scope of work includes maintenance, capital improvement, rejuvenation and construction capability for planned shutdowns and breakdown, utilising a broad range of skills and trades including but not limited to; mechanical disciplines, sheet metal fabrication, insulation, painting, scaffolding, rigging, electrical and instrumentation and subcontractor management.

Through continuous improvement KPIs and clearly understanding client scope, needs and expectations, AusGroup can demonstrate a reduction in cost and an increase in productivity with a primary focus on safety performance.

Integrated Refractory Services

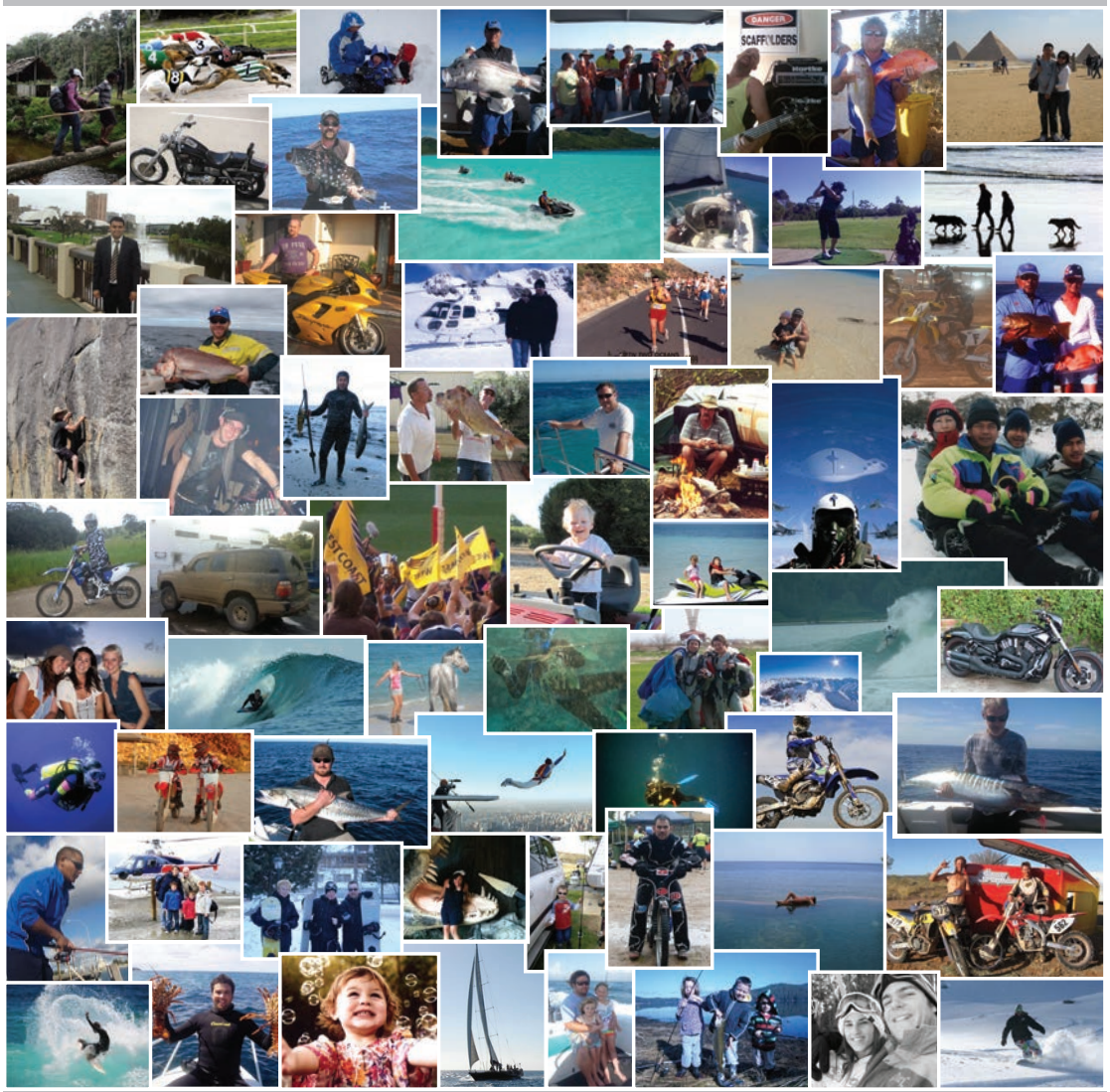
With specialist teams strategically located throughout the country, AusGroup exclusively services Alcoa's Kwinana, Pinjarra and Wagerup alumina refineries located in Western Australia, the QAL Alumina Refinery and Rio Tinto Yarwun facilities both located in Queensland.

In addition to servicing the refractory maintenance requirements of both the cement and power industries, AusGroup successfully executed planned annual outages and managed unscheduled plant outages for Cockburn Cement's Munster and Dongara facilities in Western Australia and NRG's Gladstone Power station assets in Queensland.

"We are reducing the cyclic nature of earnings by pursuing multi-disciplinary services contracts with Tier 1 established operations."

Woodside-operated Pluto LNG, Karratha, Western Australia (image courtesy of Woodside)

What is *your* Perfect Day?



Perfect Day is an initiative that moves away from the traditional mindset of health and safety to a dynamic and positive approach that is focused on delivering excellence in safety performance one day at a time. Perfect Day is about recognising what is important to each one of us on a personal level. What we do at work today can have a direct impact on how we enjoy our life tomorrow.

Perfect Day poster

Health, Safety & Wellbeing

Every day we strive to ensure the health, safety and wellbeing of all employees. At AusGroup, this is at the core of our values. To achieve this, we are continuously examining our processes, systems and structures – seeking to positively influence behaviour and overall corporate culture.

Protection of our people is paramount. In the last 12 months, the incident frequency rate, calculated against one million hours worked, has remained consistent in the context of a reduction in total hours worked across all business units. At AusGroup, we will continue to challenge our approach, with the goal of zero incidents. Indeed during the last year, we have achieved zero incidents at several sites and projects. AusGroup's performance continues to be peer-leading. On the Binningup Desalination Project (Southern Seawater Alliance), our exemplary safety record and approach was a major factor in AusGroup being awarded a Contractor Excellence Award.

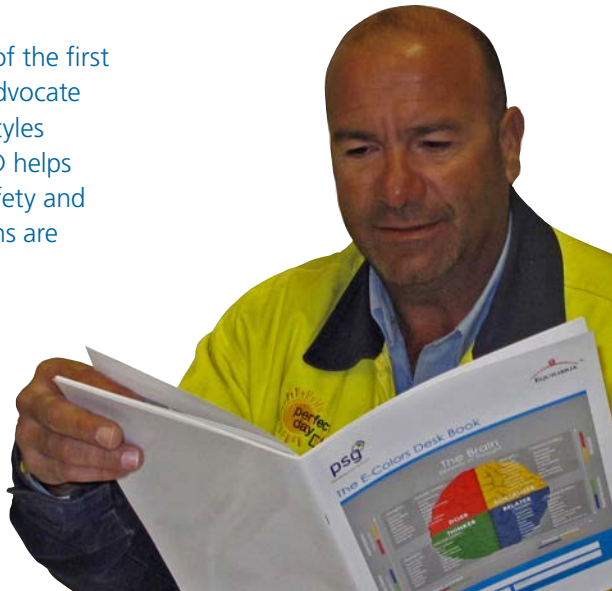
Greater levels of management participation in HSE activities remains the focus of the business, with year-on-year increase in all leading indicators from line, senior and executive managers for the period. Across the organisation, growing awareness and understanding of "value add" key performance indicators has resulted in unprecedented levels of lead indicator recordings. An expanded database allows team members to examine performance and outcomes.

The company's ground-breaking Perfect Day initiative – which encourages staff to move away from the prescriptive HSE mindset towards a more dynamic, inclusive approach, one day at a time – continues to be embraced and embedded within the group's culture.

This year, the E-Colors® program has been introduced for all line, senior and executive managers. The program builds understanding and awareness of different personality styles and how these styles can influence our communication approach.

"Protection of our people is paramount."

Kwinana Yard Superintendent Sam Crisci was one of the first E-Colors® participants and has become a strong advocate for the program. Sam recognises that personality styles can influence how people communicate. E-Colors® helps managers identify these differences. "To ensure safety and project performance, it is critical that my instructions are clearly understood by the entire team."



Daniel Hall, from ATSI trainee to qualified Dogman, Karrara Iron Ore Project, Western Australia

People, Culture & Values

AusGroup's people culture flows from the organisation's primary values – safety and wellbeing; integrity; mutual accountability; excellence; and courage.

As part of the recruitment process, AusGroup looks for close alignment between candidates' values and our core values. Ultimately, we believe these values give clients confidence that the company is committed to creating a safe working environment, developing open and honest relationships and delivering high-quality outcomes.

Independently-monitored internal surveys show that the number of staff nominating AusGroup as their preferred employer continue to trend upwards. The results will be used to further improve internal communications, develop a positive employment brand and promote career pathways.

In July 2012, the company went "live" with the Oracle Human Resources Management System, greatly enhancing HR processes and allowing real-time management of personnel data. The new system dovetailed with changes to the Performance Appraisal Development Process, which is conducted for all staff in Australia and Singapore.

In addition to AusGroup's long-standing commitment to providing traineeship and apprenticeship opportunities across the business, this year we extended an existing apprenticeship program to our operations on Varanus Island.

Online Functional Training Modules – providing new and existing staff with an interactive learning experience – are also being rolled out. The Onboarding Inductor and the Health, Safety and Environment Inductor are the first modules to be introduced.

AusGroup is proud to be part of the Aboriginal and Torres Strait Islander (ATSI) Traineeship Program. The company has previously been recognised for meeting its Indigenous employment commitment to the Australian Employment Covenant, by employing more than 60 people since initiation.

AusGroup utilises services of a Registered Training Organisation and Job Services Australia to deliver support and mentoring services to trainees. This support is predominantly provided in Perth and Geraldton and can be provided on-site as required.

The growth of Frontline and Operational leadership expertise is a company priority.

These leadership initiatives form part of the company's broader training pathways program, aimed at providing training and development opportunities for employees across the organisation – from first-week apprentices through to senior executives.

AusGroup will continue to implement processes and programs to build upon the company's values and deliver on long-term business objectives. Fostering an environment where employees strive for excellence through enhanced learning opportunities will remain a focus.

"AusGroup looks for close alignment between candidates' values and our core values."

Risk Management

Fabrication of pipe spools at AGC's Kwinana facility in Western Australia, for the Chevron-operated Gorgon Project

As an integrated services provider operating in a project environment, the identification and management of risk and opportunity is central to the success and growth of AusGroup.

By actively seeking out and managing risks, the company is able to establish a position of strength in the market both now and over the longer term.

Our approach is based on the Australian and New Zealand Standard, AS/NZ ISO 31000:2009. The Risk Management Model aligns strategy, processes, people, technology and knowledge with the intention of understanding, evaluating and managing the uncertainties faced by AusGroup in its everyday business activities.

Primary elements include the identification, assessment and management of risks and opportunities; and the constant monitoring and communication of risk associated with any activity, function or process in a way that will enable AusGroup to minimise loss and maximise performance. The ultimate goal is to integrate risk and opportunity management into all decision-making processes.

The past 12 months have seen significant improvement in the implementation of key risk strategy elements.

A key initiative has been the introduction of the Peer Review Process. The aim is to provide a standard process through which project managers can draw upon the knowledge and experience residing within other parts of the group to provide an independent review of performance at defined points in the lifecycle of a project.

Pre-project, the process ensures AusGroup has the technical resources and that all the processes, systems and people have been identified, developed and are in place to address the project's needs. Once work is underway, checks are made to make sure all the elements are in place to ensure delivery on time, on budget and to the contract specification.

Ultimately, the Peer Review Process provides a disciplined method of checking on the processes that will ensure projects are delivered to expected standards, a mutually beneficial result for both AusGroup and the client.

Community & Sustainability

Building relationships and supporting the communities in which AusGroup operates is an important focus for the company.

The most direct way we contribute to the development and sustainability of regional communities is through opportunities for training and employment – particularly for Indigenous Australians. We are committed to becoming an employer of choice for Aboriginal and Torres Strait Islanders (ATSI).

AusGroup continues to be engaged in the ATSI Traineeship Program and has been recognised for fulfilling its commitment to the Australian Employment Covenant.

In terms of positive social outcomes, we look to support both local and nationally-driven community initiatives where possible. This includes applying our skills, labour, plant and equipment where it makes sense to do so. We also encourage our workforce to become part of the communities in which they operate, by participating in local sporting and community activities and fostering sponsorship opportunities.

In addition, where capability can be demonstrated, AusGroup welcomes opportunities for local and regional businesses to be involved in providing goods and services.

We continue to strengthen our approach and commitment towards sustainability in all aspects of the business. In April this year we achieved certification to ISO 14001: Environmental Management Systems. We are constantly examining ways to minimise the impact of our operations on the natural environment.

An environmental strategy has been developed, focusing on the mantra of REDUCE, RECYCLE and RE-USE. AusGroup continues to promote green initiatives within corporate and regional offices with well-established programs such as waste paper, cardboard, battery, mobile phone and, photocopier toner recycling. Within our fabrication yards there are extensive waste recycling programs that capture carbon and stainless metal offcuts, timber and cardboard.

The AusGroup (Board) Health Safety and Sustainability Committee regularly reviews environmental performance and looks to support the business and its challenges.

"Building relationships and the supporting communities in which AusGroup operates is an important focus for the company."

Damien Parfitt commenced a pre-employment program in 2012 and was successfully selected for an ATSI Traineeship with AusGroup. Damien completed his traineeship as a Dogman with the company on the Cloudbreak project. In this role he assists crane operators and riggers in lifting and moving loads, having obtained a WorkSafe High Risk Licence. He continues to carve out a career with AusGroup on the Jimblebar Project in the Pilbara.

"This is my second project with AusGroup. I have learnt a lot of new skills and enjoy working with a great crew – not to mention earning good money!"

CSBP AN3 PP2 Expansion Project, Kwinana, Western Australia

The AusGroup Board of Directors is committed to ensuring that the highest standards are practised throughout the company and its subsidiaries. A fundamental part of the Board's responsibilities is to protect and enhance shareholder value and the financial performance of the Group.

DR CHEW KIA NGEE
(Age 67, Singaporean)
BEc (Hons), MCom, PhD, FCA (Australia), FCPA (Australia), FCA (Singapore)

Independent Non-Executive Director and Chairman

- Chairman of Board of Directors
- Chairman of Nominating Committee

Dr Chew was a partner of Coopers & Lybrand, Singapore from 1978 and was appointed Senior Partner and Executive Chairman of the firm in 1996. Following the merger of Price Waterhouse and Coopers & Lybrand on 1 July 1999, he was appointed Deputy Chairman of PricewaterhouseCoopers in Singapore and stepped down in 2004. He retired from the firm in 2005.

Dr Chew is a Director of Dimension Data Asia Pacific Pte Ltd and Haw Par Corporation Ltd. He sits on the board of the Singapore Eye Foundation and is a member of the audit committee of Kong Meng San Phor Kark See Monastery. Dr Chew has a Bachelor of Economics (Honors) from the University of Malaya, a Master of Commerce from the University of Melbourne and a PhD in Business and Management from the University of South Australia.

Dr Chew is a Fellow of the Singapore Institute of Chartered Accountants and was Chairman of its Auditing and Assurance Standards Committee and a member of the Professional Development Committee for many years. He is also a Fellow of the Institute of Chartered Accountants Australia and CPA Australia.

LAURIE McGREGOR BARLOW
(Age 51, Australian)
CPEng (chem.), MBA, FIEAust, FAusIMM, GAICD, RPEQ

Chief Executive Officer and Managing Director

- Member of Board of Directors

Mr Barlow has extensive experience in the Australian resources sector through company management and senior project delivery roles. During this time Mr Barlow has been intimately involved in managing businesses that have developed and delivered significant resource projects throughout Australia.

Through his experience, Mr Barlow has been exposed to all aspects of project delivery and business support processes required to achieve both successful business and project outcomes, benefiting clients, employees and shareholders. He has also been heavily involved in establishing project teams to suit various contracting strategies such as engineering, procurement and construction, construction alliances, as well as all aspects of the legal, commercial and technical frameworks associated with the supply of services to these projects.

Mr Barlow is a Chemical Engineer, a Fellow of Engineers Australia, a Fellow of Australian Institute of Mining and Metallurgy and a member of the Australian Institute of Company Directors.

Board of Directors

STUART MAXWELL KENNY
(Age 61, Australian)

Non-Independent Non-Executive Director

- Member of Board of Directors

Mr Kenny has more than 40 years' experience in commercial, mining, oil and gas construction, gaining extensive experience at all levels within project organisations including as senior project manager on large resource construction projects. He has managed major construction contracts both within Australia and wider Asia, receiving clients' commendation for his emphasis on project quality, team management and workforce safety.

From late 1997 to early 2008, Mr Kenny held the position of CEO and Managing Director, AusGroup Limited. After stepping down from this position, Mr Kenny remained on the Board as a Non-Executive Director until his reappointment as Acting CEO and Managing Director in June 2011 through to March 2012. On the appointment of Mr Barlow in 2012, Mr Kenny returned to his role as Non-Executive Director.

BARRY ALFRED CARSON
(Age 68, Australian)

Non-Independent Non-Executive Director

- Member of Board of Directors
- Chairman of Remuneration and Human Capital Committee
- Member of Nominating Committee
- Member of Health, Safety & Sustainability Committee

Mr Carson has almost 50 years' experience in the building and industrial industries. From 1964 to 1991, he was employed by CSR Limited, and rose to be the State Manager for CSR Bradford Insulation, a large Australian insulation manufacturer.

Since 1995, Mr Carson has been the Managing Director of Australasian Insulations Supplies Pty Ltd, dealing in its technical insulation markets such as LNG plants and refineries process. He has served in the Australian Defence Force, where he earned the rank of Army Major and was awarded the National Medal and Reserve Forces Decoration. Mr Carson graduated from the West Australian Institute of Technology with an Associateship in Business Administration (Marketing Option) in 1974.

KOK PAK CHOW
(Age 60, Singaporean)
BCom (Hons), FCA (Singapore), FCII

Independent Non-Executive Director

- Member of Board of Directors
- Chairman of Audit Committee
- Member of Nominating Committee

Mr Kok has held senior management positions in various insurance operations. He has been a consultant to Shenton Insurance Pte Ltd since May 2005, and to the Parkway Group Healthcare Pte Ltd since December 2001.

Mr Kok holds a Bachelor of Commerce (Honours) Majoring in Economics from the University of Melbourne. He is a Fellow of the Institute of Singapore Chartered Accountants, a member of CPA Australia and a Fellow of the Chartered Insurance Institute, United Kingdom.

Mr Kok is active in community work and was conferred the Public Service Medal by the President of the Republic of Singapore in 2000.

KELVIN LEE KIAM HWEE
(Age 58, Singaporean)
FCCA, FCA (Singapore), MSID

Independent Non-Executive Director

- Member of Board of Directors
- Member of Audit Committee
- Member of Remuneration and Human Capital Committee

Mr Lee began his career with Coopers & Lybrand in 1979. He joined IMC Holdings Ltd in 1994. During a nine-year stint as the Group Financial Controller, Mr Lee drove strategic business planning and overall financial management, putting in place financial control systems. In 2003 he moved to Pan United Corporation, serving as Chief Financial Officer until March 2007.

Presently Mr Lee is a Non-Executive director of Marco Polo Marine Limited and HTL International Holdings Limited.

Mr Lee is a Fellow of the Association of Chartered Certified Accountants (UK), a Fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

DAMIEN MARIAN O'REILLY
(Age 59, Australian)
BA (Hons), MSc, FAusIMM (Chartered Professional: Mngt), GAICD, FIQ

Independent Non-Executive Director

- Member of Board of Directors
- Member of Remuneration and Human Capital Committee
- Chairman of Health, Safety & Sustainability Committee

Mr O'Reilly has more than 20 years of high level experience within the resources sector and has held key positions with two of Australia's leading industry bodies, the Minerals Council of Australia (MCA) where he was a Director for three years including Chairman of the Standing Committee for Health and Safety, and the Chamber of Minerals and Energy Western Australia where he is currently an Executive Council member and Chairman of the People Strategies Committee.

He has been involved in the establishment of more than 100 mines and associated infrastructure across the minerals spectrum.

Mr O'Reilly holds a BA (Honours 1st Class) from the University of Adelaide, a MSc Mineral Economics from the WA School of Mines and has completed the GSM / AIM / Harvard Joint Executive Development Program. He is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM), a Graduate of the Australian Institute of Company Directors (GAICD), and a Fellow of the Institute of Quarrying (FIQ).

GRANT ANTHONY PESTELL
(Age 42, Australian)
LLB

Independent Non-Executive Director

- Member of Board of Directors
- Member of Audit Committee
- Member of Health, Safety & Sustainability Committee

Mr Pestell holds a Bachelor of Law from the University of Western Australia and has over 19 years' experience in commercial and corporate law and commercial litigation.

As Managing Director of legal firm Murcia Pestell Hillard for the last 13 years, Mr Pestell has extensive experience advising both listed and private companies particularly in the Energy, Resources and Construction industries.

He is regularly advises on complex commercial disputes, strategic contract negotiations, risk management and large scale financing. In recent years he has been involved in advising on large scale mining and gas agreement and commercial disputes and has had extensive dealings with various state governments and probity regimes in respect to tender negotiations and contracts.

He has also advised on matters of corporate governance, public directors companies on mergers acquisition and risk management.

Executive Management Team

ANTHONY HARDWICK (Age 53)
BCom, CTA, Chartered Accountant

Chief Financial Officer

Mr Hardwick is responsible for the Finance and Accounting areas across the group. Mr Hardwick commenced with AusGroup in 2005. He is accountable for cash flow management and forecasting, corporate governance systems, payroll and the group's Management Information Systems (MIS) department.

Mr Hardwick regularly reports to key stakeholders including banking institutions, the Audit Committee, Board of Directors, shareholders and potential investors.

During his tenure at AusGroup, Mr Hardwick has implemented strong financial reporting structures and been a key executive during the implementation of the Oracle Business Suite.

MICHAEL BOURKE (Age 52)
BEng (chem.), BEcon, MBA, GAICD, MIEAust, CPEng

Executive General Manager - Operations

With a Bachelor of Engineering and Economics and a Masters in Business Administration, Mr Bourke brings more than 25 years' experience in the construction and resource industry. His previous roles include President Emeco Canada, Executive General Manager – Technical Services at Iluka Resources and, most recently, Managing Director of ASX-listed Nomad Building Solutions, where he was influential in leading and providing a clear business strategy which underpinned successful business turnaround.

Commencing with AusGroup in October, Mr Bourke and his team have been instrumental in winning new oil and gas and subsea contracts.

As Executive General Manager - Operations, Michael will be focused on winning new work for our maintenance business both in Australia and Singapore.

MARK JOHNS (Age 48)

Group Manager Health, Safety, Sustainability and Quality

Mark Johns has more than 15 years of experience in the resources industry, working on major Australian oil and gas and mining projects.

Having been at AGC for over a decade, Mr Johns is responsible for the ongoing strategic planning, maintenance and continuous improvement of the HSSQ management system, including risk management, team performance and leadership development management, workforce negotiation and liaison.

Mr Johns is focused on introducing new dynamic measures of performance, seeking to support AusGroup in achieving HSSQ excellence through active and visible engagement at all levels throughout the company. This includes providing sound strategic, tactical and policy advice to the middle and executive management team on HSSQ and related matters.

TONY TOMICH (Age 55)
TRC NZ, Dip PM Aust

Group Manager People Capital

Mr Tomich manages the development and implementation of the group's People Capital strategy.

The People Capital team is responsible for human resources operations including employee relations and industrial relations, HR governance, performance reviews, remuneration, retention and international employees, recruitment including staff and workforce and learning and employee development.

Mr Tomich commenced with AusGroup in 2000. He has 25 years' experience in supporting major projects both onshore and offshore, for recruitment, human resources, industrial relations and local content outcomes.

GERARD HUTCHINSON (Age 45)
MBA, MBL, MSc(IS), BEc, MA (research), FCA, FAICD, FAIM

Executive General Manager - Group Services

Mr Hutchinson is a qualified chartered accountant and has also completed a Master of Business Administration (MBA). He has 19 years' experience in the contracting and engineering industry, including 14 years working for Leighton in Asia (including Malaysia, Singapore, Indonesia, Hong Kong, China, Taiwan, Vietnam and the Philippines).

In addition to his extensive finance and operational experience, Mr Hutchinson has led the due diligence and integration across a number of mergers and acquisitions as well as significant experience in the roll-out of Oracle suite of systems, particularly the project management module, and improving management reporting systems.

MICHAEL NESBITT (Age 51)
BEng(civil), MScPM

Executive General Manager - Integrated Services

Mr Nesbitt has more than 28 years' experience, having worked in the resources, oil & gas and infrastructure sectors across Australia and internationally. With a Bachelor of Engineering (Civil, Honours) and a Masters of Project Management, he has worked in design engineering, project engineering, project management, construction management, business development and general management.

Mr Nesbitt's career has seen him successfully deliver business outcomes in the roles of Project Manager, Construction Manager, Project Director, Industry Director and Vice President Operations for major corporations such as Kellogg Brown & Root, across the Asia Pacific region.

Southern Seawater Desalination Plant, Binningup, Western Australia

Financial Reports

Alcoa of Australia Limited, Maintenance Contract, Western Australia

CONTENTS

The Board of Directors ("**the Board**") is committed to ensure that the highest standards of corporate governance are practised throughout AusGroup Limited ('**the Company**") and its subsidiaries ("**the Group**") as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group. In view of this, the Board fully supports and seeks to comply with the Code of Corporate Governance ("**the Code**") issued by the Ministry of Finance.

Set out below are the policies and practices adopted and practised by the Group to comply with the principles and guidelines of the Code. The Board confirms that the Group has complied with the best practices of the Code throughout the financial year ended 30 June 2013, with the following exceptions:

- Barry Alfred Carson is the Remuneration and Human Capital Committee Chairman but is not an Independent Director.
- Grant Anthony Pestell is a partner of a legal firm which rendered professional services in excess of S$200,000 during the year.

THE CODE

The Code is divided into four main sections, namely:

- Board matters
- Remuneration matters
- Accountability and audit
- Communication with shareholders

BOARD MATTERS

Principle 1: *Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.*

The principal functions of the Board are:

- Reviewing and approving corporate strategies, annual budgets and financial plans and monitoring the organisational performance towards them
- Reviewing the adequacy and integrity of the Group's internal controls, risk management framework, and financial information reporting systems
- Ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and internal code of conduct
- Approving the nominations to the Board of Directors by the Nominating Committee, and endorsing the appointments of the management team and/or external and internal auditors
- Reviewing and approving the remuneration packages for the Board and key executives
- Ensuring accurate, adequate and timely reporting to, and communication with shareholders
- Assuming the responsibility for the satisfactory fulfilment of social responsibilities of the Group

Matters which are specifically reserved for decision of the full Board include those involving corporate plans and budgets, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances, dividends, other returns to shareholders and interested person transactions. Specific Board approval is required for any investments or expenditures exceeding AU$5 million and any tenders or bids exceeding AU$100 million.

The Board has delegated specific responsibilities to four Committees (Audit, Nominating, Remuneration and Human Capital and Health, Safety & Sustainability), the details of which are set out below. These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board meets at least four times a year, with additional meetings convened as necessary. The Articles of Association allow a Board meeting to be conducted by way of a video conference, telephone conference or other methods of simultaneous communications by electronic or telegraphic means. The Board also schedules a separate annual strategy and budget meeting to discuss strategic issues. The matrix on the position, the frequency of meeting and the attendance of Directors at these meetings is enclosed as Appendix 1 on Page 37.

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises eight members, seven of whom are Non-Executive Directors (including the Chairman) as at 30 August 2013 (date of authorisation of the financial statements). All Non-Executive Directors, except for Barry Alfred Carson and Stuart Maxwell Kenny are independent. Grant Anthony Pestell is a partner of a legal firm which renders professional services to the Group from time to time. Nevertheless, the Nominating Committee and the Board (excluding Mr Pestell in respect of the deliberation of his own independence) has considered him to be independent as he is capable of maintaining his objectivity and independence at all times in the carrying out of his duties and responsibilities as an Independent Director. Together, the Directors contribute wide ranging business, industry knowledge and financial experiences relevant to the direction of the Group. A brief description of the background of each Director is presented in the "Board of Directors" section.

The Board considers the current board size as adequate for its present operations. Due to the current composition of Independent and Non-Executive Directors on the Board, no individual or group is able to dominate the Board's decision-making process. There is also balance in the Board because of the presence of Independent Non-Executive Directors of the calibre necessary to carry sufficient weight in Board decisions. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take account of the long-term interests not only of the shareholders, but also of employees, customers, suppliers, and the many stakeholders in the Group.

Principle 3: There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The roles of the Chairman and the Chief Executive Officer ("CEO") are separate. The Chairman, Dr Chew Kia Ngee is an Independent Non-Executive Director responsible for leading the Board and is free to act independently in the best interests of the Group. The CEO and Managing Director, Laurie McGregor Barlow, is an Executive Director and is responsible for the strategic directions, and operational decisions of the Group. The Chairman and the CEO are not related.

The Chairman ensures that Board meetings are held as and when it is necessary. He also prepares the Board meeting agenda in consultation with the CEO. The Chairman ensures that Board members are provided with complete, adequate and timely information. Management staff who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the paper or attend at the relevant time during the Board meeting. The Chairman assists to ensure procedures are introduced to comply with the Code.

Under the Company's Articles of Association, any Director may summon a meeting of the Directors.

Principle 4: There should be a formal and transparent process for the appointment of new Directors to the Board.

Nominating Committee

- Dr Chew Kia Ngee (Chairman)
- Kok Pak Chow
- Barry Alfred Carson

This Nominating Committee met twice during the financial year. The matrix on the position, the frequency of meeting and the attendance of Directors at this meeting is enclosed as Appendix 1 on Page 37. A majority of the members of this Committee, including the Chairman, are Independent Non-Executive Directors.

The principal functions of the Nominating Committee are:

- Setting a process to identify and nominate to the Board, candidates for all directorships to be filled by shareholders or the Board; candidates for all executive management positions; and Directors to fill the seats on Board Committees
- Overseeing the management development and succession planning of the Group, including appointing, training and mentoring senior management
- Determining the objective criteria on evaluating the Board's performance
- Assessing the effectiveness of the Board as a whole and the contribution by each Director to the Board
- Determining annually whether or not a Director is independent

Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

New Directors are appointed by way of a Board resolution, upon their nomination from the Nominating Committee. In accordance with the Company's Articles of Association, these new Directors who are appointed by the Board are subject to election by shareholders at the Annual General Meeting at the first opportunity after their appointment. The Articles also provide that at least one-third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting.

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

On an annual basis, Dr Chew Kia Ngee, who is the Chairman of the Board and the Nominating Committee, will assess each Director's contribution to the Board. The assessment parameters include attendance record at meetings of the Board and Committees, intensity of participation at meetings, the quality of intervention and special contributions.

The Nominating Committee also assesses the effectiveness of the Board as a whole (taking into consideration the Board's discharge of its principal responsibilities, earnings of the Group, return on equity and the share price performance of the Company) and the Committees of the Board on an annual basis. The Nominating Committee considers the required mix of skills and experience of the members, including core competencies which the Non-Executive Directors should bring to the Board, during this assessment.

The Nominating Committee is satisfied that sufficient time and attention is being devoted by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple Board representations. The Nominating Committee has adopted an internal guideline that no director should be on the Boards of more than five other publicly listed companies.

Directors' training

As an integral element of the process of appointing new Directors, the Nominating Committee ensures that there is an orientation and education program for the new Board members to ensure incoming Directors are familiar with Company's business and governance practices. They also have unrestricted access to professionals for consultations as and when necessary at the expense of the Group.

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

All Directors review a Board report prior to the Board meeting. This is issued in sufficient time prior to the meeting to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board report includes, among others, the following details:

- Minutes of meeting of all Committees of the Board
- Performance report of the Group (both financial and operational)
- Internal audit reports
- Major operational and financial issues
- Product and service quality
- Acquisition opportunities

The Board also approved a procedure for Directors, whether as a full Board or in their individual capacity, to take independent advice where necessary in the furtherance of their duties, and at the Group's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary attends meetings of the Board, and ensures that board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also attends meetings of the Audit, Nominating, Remuneration & Human Capital Committee and Health, Safety & Sustainability Committees.

REMUNERATION MATTERS

The Company adopted the objective as recommended by the Code to determine the remuneration for Directors so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience, level of responsibilities undertaken by the Non-Executive Directors and the compensation levels in Australia.

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

Remuneration procedure

The Code endorses, as good practice, a formal framework for fixing the remuneration packages of Executive Directors and key executives, with the Remuneration and Human Capital Committee making recommendations to the Board.

Remuneration and Human Capital Committee

- Barry Alfred Carson (Chairman)
- Kelvin Lee Kiam Hwee
- Damien Marian O'Reilly

Barry Alfred Carson is appointed Chairman of the Remuneration and Human Capital Committee to utilise his extensive knowledge of the Australian labour market and compensation practices as a major portion of the Group's operations are in Australia.

The principal responsibilities of the Remuneration and Human Capital Committee are:

- Recommending a framework of executive remuneration for the Board and key executives, including share option and share schemes
- Determining specific remuneration packages for each Executive Director and key management personnel
- Administering any performance bonus scheme, the share option and share schemes for the employees of the Group

This Committee had five meetings during the financial year to perform the above responsibilities, as well as to monitor the remuneration practices in the Group. The matrix on the position, the frequency of meetings and the attendance of Directors at these meetings is enclosed as Appendix 1 on Page 37. All members of this Committee except for Barry Alfred Carson are Independent Non-Executive Directors.

Principle 8: ***The level of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.***

The CEO is the only Executive Director and his remuneration is benchmarked against the market and a significant portion of his remuneration is linked toward corporate and individual performance. The CEO's remuneration package consists of two components:

- a fixed annual remuneration quantum
- a variable component which includes the short-term and long-term incentive schemes (see below for details of these two components)

Principle 9: ***Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key executives, and performance.***

The Remuneration and Human Capital Committee recommends to the Board the framework of executive remuneration and the remuneration package for each Executive Director and key management personnel. In framing the Group's remuneration policy, the Remuneration and Human Capital Committee receives advice from external consultants. Although the recommendations are made in consultation with the Chairman of the Board, the remuneration packages are ultimately approved by the entire Board.

Remuneration policy and principles

The Company's Executive Director and senior executive managers remuneration framework aims to ensure competitive, yet realistic, and appropriate rewards for the results delivered. These rewards relate to the market in which the Group operates and are designed to attract, motivate and retain employees of a high calibre.

Additionally the Remuneration and Human Capital Committee aligns executive rewards with achieving strategic objectives, creating value and returns for shareholders, and conforms to market best practices for reward delivery.

The Remuneration and Human Capital Committee's aim is to ensure the executive rewards reflect good governance practices of:

- Competitiveness and reasonableness
- Accountability to shareholders
- Performance linkage and alignment of executive compensation
- Transparency.

In the April 2013 to June 2013 period, the Remuneration and Human Capital Committee reviewed the existing structured remuneration framework to ensure that the remuneration was still market competitive and complemented the Company's reward strategy. The Remuneration and Human Capital Committee seeks to ensure the alignment of remuneration and reward plans with the shareholders' interests which are primarily developed from:

- Having business unit performance as a cornerstone of the remuneration and reward plan
- Sustaining share price growth
- Delivering peer leading returns on capital employed
- Focus on important non financial value drivers; quality and safety, etc.
- Attracting and retaining high calibre executives

In particular the Remuneration and Human Capital Committee also seeks to ensure the alignment of remuneration and reward plans with those of the employee's interests, which are developed from:

- Rewarding capability and contribution
- Reflecting competitive rewards for contributing to shareholder returns
- Providing a clear structure for earnings rewards

Remuneration structure

The remuneration and reward framework for executives consists of a competitive fixed remuneration comprising of a base salary, superannuation and other benefits, short-term incentive plan along with shares and options provided by the Company.

Fixed remuneration

The Company aims to set fixed annual remuneration at market levels suitable to the position and are competitive when reviewed versus similar positions in companies of comparable size in turnover, staffing levels, responsibility, etc. This is reviewed annually and is completed by the end of the financial year. There is no guaranteed increase to the fixed annual remuneration of any executive's contract.

Short-term incentives

Short-term incentives are used to differentiate rewards based on performance on a year-by-year basis.

With good company financial performance, a very good executive performer would normally achieve a high short-term incentive, which, when added to the fixed remuneration would bring the combination of the two components into the upper quartile of the market rates.

For the financial year ended 30 June 2013, short-term incentive bonuses have been provided for based on the Board agreed annual targets.

Service contracts

The Group may terminate the service contracts of any of the executives, if amongst other things, the executives commit any serious and persistent breach of the provision of the service contracts, become of unsound mind, become bankrupt or found guilty of conduct with the effect of bringing themselves or the Group into disrepute. The service contracts cover the terms of employment, specifically salaries and bonuses. Executives are also entitled to participate in any short-term incentive scheme program established by the Group during their term of service.

All travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by each executive in the process of discharging his or her duties on behalf of the Group will be borne by the Group.

The remuneration of the Directors and key executives of the Group for the financial year ended 30 June 2013 is as follows (based on an average exchange rate of S$1.2727: AU$1.0000):

	Fee	Fixed salary	Variable salary & bonus	Value of share options and share rights granted [6]	Termination benefits	Total
Below S$250,000						
Directors						
Dr Chew Kia Ngee	84%	0%	0%	16%	0%	100%
Barry Alfred Carson	84%	0%	0%	16%	0%	100%
Kok Pak Chow	83%	0%	0%	17%	0%	100%
Kelvin Lee Kiam Hwee	81%	0%	0%	19%	0%	100%
Damien Marian O'Reilly	90%	0%	0%	10%	0%	100%
Grant Anthony Pestell	90%	0%	0%	10%	0%	100%
Stuart Maxwell Kenny	58%	3%	31%	8%	0%	100%
S$250,000 to below S$500,000						
Key Executive of Group						
Michael James Bourke [1]	0%	100%	0%	0%	0%	100%
S$500,000 to below S$750,000						
Key Executives of Group						
Tom Vorster [2]	0%	90%	8%	2%	0%	100%
Anthony John Tomich	0%	79%	19%	2%	0%	100%
Anthony Hugh Nicol [3]	0%	82%	18%	0%	0%	100%
S$750,000 to below S$1,000,000						
Key Executives of Group						
Michael Anthony Hardwick	0%	75%	23%	2%	0%	100%
Mark Andrew Williamson [4]	0%	52%	20%	2%	26%	100%
David Richard Gilbert [5]	0%	65%	19%	1%	15%	100%
S$1,000,000 to below S$1,250,000						
Director						
Laurie McGregor Barlow	0%	87%	3%	10%	0%	100%

[1] *Appointed on 22 January 2013*
[2] *Resigned effective from 30 September 2013*
[3] *Resigned effective from 31 October 2013*
[4] *Resigned on 28 March 2013*
[5] *Made redundant on 20 June 2013*
[6] *Valued at the date of the grant (refer to note 21)*

The number of employees who are immediate family members of a Director and whose remuneration exceeded S$150,000 during the year (based on an average exchange of S$1.2727 : AU$1.0000 for the financial year ended 30 June 2013) is as follows:

No. of employees	Name of Director who the employee is related to	Fee	Fixed salary	Variable salary & bonus	Allowance & benefits	Total
S$250,000 to below S$500,000						
1	Stuart Maxwell Kenny	0%	92%	8%	0%	100%

The Group currently has three schemes in operation. Information on these schemes has been provided in the Directors' Report (page 38) and Note 21 to the financial statements (page 79). The details of the respective grants under each of these schemes are listed below:

1. Employee Share Option Scheme 2007 ("ESOS")

   - On 24 August 2007, 3,236,000 options to subscribe for ordinary shares of the Company were granted to employees at an exercise price per share of S$1.64. As of 30 June 2013, 562,000 options were vested and available to be exercised in terms of this grant. The rest of the options were forfeited.
   - On 13 October 2008, 6,550,000 options to subscribe for ordinary shares of the Company were granted to a director and employees at an exercise price per share of S$0.22. As of 30 June 2013, 550,000 options were vested and available to be exercised in terms of this grant. The rest of the options were either exercised or forfeited.
   - A further 180,000 options were granted to an employee on 25 February 2009 at an exercise price per share of S$0.16. As of 30 June 2013, 121,000 options have vested and are available to be exercised in terms of this grant. The rest of the options were exercised.

2. AusGroup Share Option Scheme 2010 ("ASOS"), which superseded the ESOS in October 2010

   - On 30 November 2011, 2,475,000 options to subscribe for ordinary shares of the Company were granted to employees at an exercise price per share of S$0.325. As of 30 June 2013, 825,000 options have vested and available to be exercised under the terms of the grant.
   - On 20 February 2012, 400,000 options to subscribe for ordinary shares of the Company were granted to directors at an exercise price per share of S$0.41. As of 30 June 2013, 400,000 options has vested and available to be exercised under the terms of the grant.
   - On 25 September 2012, 700,000 options to subscribe for ordinary shares of the Company were granted to directors at an exercise price per share of S$0.42. As of 30 June 2013, 700,000 options remain unvested.

3. AusGroup Share Scheme 2010 ("ASS")

   - On 24 November 2010, directors and employees were issued rights for 17,149,000 ordinary shares in the Company under the ASS. As of 30 June 2013, the conditions pursuant to the share scheme were met and as such 3,974,172 share rights qualified for the issuing of ordinary shares under the ASS.
   - On 30 November 2011, employees were issued rights for 2,345,000 shares in the Company under the ASS. As of 30 June 2013, the conditions pursuant to the share scheme were met but no employees were entitled to the issue of ordinary shares yet. As of 30 June 2013, 2,077,500 remain unvested.
   - On 25 July 2012, employees were issued rights for 2,340,000 ordinary shares in the Company under the ASS. As of 30 June 2013, 1,790,000 share rights remain unvested. At of 30 June 2013, none of the outstanding share rights are entitled to vest as per the rules of the ASS.

Future direction

The Group will continue to review existing policies and develop new initiatives which will position the Group to attract and retain the required personnel in order to meet its strategic goals.

ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

In presenting the quarterly and annual financial statements to shareholders, the Directors aim to present a balanced and fair assessment of the Group's position and prospects.

In preparing the financial statements, the Directors ensure that management have:

- Selected suitable accounting policies and applied them consistently
- Made judgements and estimates that are reasonable and prudent
- Ensured that all applicable accounting standards have been followed
- Prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made due enquiries that the Group and Company have adequate resources to continue in operational existence for the foreseeable future

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Audit Committee

- Kok Pak Chow (Chairman)
- Kelvin Lee Kiam Hwee
- Grant Anthony Pestell

This Committee had four meetings during the financial year. The meetings have been attended by the CEO and Chief Financial Officer. The external and internal auditors have also participated in these meetings. The Committee has also met privately with the external auditors and internal auditors once during this financial year without the presence of any executive of the Group.

All members of this Committee are Non-Executive Directors and are independent of the Group.

The Committee is authorised by the Board to investigate any activity within its terms of reference. It has unrestricted access to any information pertaining to the Group, to both the internal and external auditors, and to all employees of the Group. It is also authorised by the Board to obtain external legal or other independent professional advice as necessary and at the expense of the Group.

The duties and functions of the Audit Committee, on an on-going basis, include the following:

- Reviews with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and all matters which the external auditors wish to discuss (in the absence of management, where necessary)
- Reviews with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems
- Reviews any significant findings of internal investigations and management's response
- Makes recommendations to the Board on the appointment of external auditors, the audit fee and report any issues concerning the resignation of external auditors or their proposed dismissal
- Reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditors
- Monitors interested person transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity
- Reviews incidents of whistle-blowing
- Reviews risk management policies and procedures
- Reviews quarterly reporting to Singapore Exchange Securities Trading Limited (SGX-ST) and year end annual financial statements of the Group before submission to the Board, focusing on:
  - (i) Going concern assumption
  - (ii) Compliance with accounting standards and regulatory requirements
  - (iii) Any changes in accounting policies and practices
  - (iv) Significant issues arising from the audit
  - (v) Major judgmental areas
  - (vi) The effectiveness of the Group's risk management framework to ensure that a robust risk management system is implemented in order to effectively identify, evaluate, and manage significant risk
- Any other functions which may be agreed by the Audit Committee and the Board

The Audit Committee has presented a report to the Board in respect of:

- The co-operation given by the Company's officers and whether the Audit Committee in the course of carrying out its duties, was obstructed or impeded by Management
- The adequacy of the Group's internal accounting controls and its internal control procedures relating to interested person transactions;
- Compliance with legal and other regulatory requirements
- Any other matter which in the Audit Committee's opinion, should be brought to the attention of the Board

The Company confirms that it has complied with Rules 712 and 715 or 716 of the SGX-ST Listing Manual in relation to its auditing firms.

Whistle blowing policy

The Group has adopted a whistle blowing policy which provides a channel for employees and others to bring to the attention of the Audit Committee any improprieties committed by the management or staff of the Group.

A whistle blowing policy unit has been set up to review all matters reported to the Group Manager People Capital. The Audit Committee reviews quarterly all cases reported and investigated.

Details of the whistle blowing policy are posted on the Group's intranet for staff access. New staff members are briefed during their induction.

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the Company's assets.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, and not absolute, assurance against material misstatement or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

The internal auditors, Deloitte Touche Tohmatsu have performed detailed audit procedures to assist the Audit Committee and the Board in the evaluation of the internal controls, financial and accounting matters, compliance, business and financial risk management.

Based on the work of the external and internal auditors, and the management systems in place, nothing material has come to the attention of the Board to suggest that the internal controls of the Group were not adequate. Where significant weaknesses have been identified, the Board, upon the recommendation of the Audit Committee, has taken steps to ensure that executive management adopts appropriate actions to address and rectify these weaknesses. The Board, together with executive management, then subsequently reviews the outcomes of such actions.

Risk management approach

Having identified the risks, each business area is required to document the mitigating actions to manage each significant risk. New areas are introduced for assessment as the business risk profile changes. Information such as risks, the controls and processes for managing risks is subsequently summarised in a risk map, which is reviewed periodically by executive management, the Audit Committee and the Board.

Internal control opinion

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 30 June 2013.

The Board notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Health, Safety and Sustainability ("HSS") Committee

- Damien Marian O'Reilly (Chairman)
- Barry Alfred Carson
- Grant Anthony Pestell

This Committee had four meetings during the financial year to ensure systems, procedures and the right culture are in place in respect of HSS. The matrix on the position, the frequency of meetings and the attendance of Directors at these meetings is enclosed as Appendix 1 on Page 37. All members of this Committee except for Barry Alfred Carson are Independent Non-Executive Directors.

The Committee's principal responsibilities are, amongst others:

- Consider and assist the Group in discharging HSS statutory and corporate responsibilities on HSS matters
- Monitor implementation of HSS strategy
- Advise the Board on AusGroup's HSS internal controls and effectiveness
- Review and advise the Board on the Group's HSS lead and lag performance

- Review and report to the Board on injuries and illness of statutory reporting severity
- Review HSS Management System independent audit performance
- Review and provide feedback on lost time injury, major environmental incidents and high potential incidents
- Examine strategic HSS issues including relations with stakeholders, new legislation and new government and industry initiatives
- Review and monitor key HSS risks and opportunities impacting the Group
- Commission HSS studies to address issues of concern or to verify information
- Review HSS initiatives and programs, and their success

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

Currently Deloitte Touche Tohmatsu performs the internal audit function and reports directly to the Audit Committee which assists the Board in monitoring and managing risks and ensuring the integrity of internal controls of the Group. The Audit Committee approves the three year strategic internal audit plan, which is reviewed by the Audit Committee annually in light of the changing risk profile of the Group, and ensures the adequacy of internal audit resources to perform its tasks. A private conversation is held between the Audit Committee and internal auditors without management being present at least once a year.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: The Company should engage in regular, effective and fair communication with shareholders.

The Group does not practise selective disclosure. In line with continuous disclosure obligations of the Group pursuant to the Listing Rules of the SGX-ST, the Board's policy is that all shareholders should be provided identical and timely information of all major developments that impact the Group. Information will first be disseminated through SGXNET and where relevant, followed by a news release which is also distributed within the company electronically. The Group will also make announcements from time to time to update investors and shareholders on corporate developments that are relevant.

The Group maintains open communications with investors and shareholders and will strive to attend to their queries directly, whether verbal or written.

Principle 15: The Company should encourage greater shareholder participation at Annual General Meetings and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

At each Annual General Meeting, the Board presents the financial performance of the Group and encourages shareholders to participate in the question and answer session. The CEO, CFO and the respective Chairman of the Audit, Nominating, Remuneration and Human Capital and Health, Safety & Sustainability Committees, and external auditors are available to respond to shareholders' questions during the meeting.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

Dealing in securities

The Group has adopted an internal code on best practices on securities transactions applicable to all its officers in relation to dealing in the Company's securities. Its officers are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Group's full year results and ending on the date of the announcement of the results. For quarterly results, officers are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the quarterly results and ending on the date of the announcement of the quarterly results. Officers are also not allowed to deal in the Company's securities on short-term considerations. The Group has complied with the best practices set out in the SGX-ST Listing Manual.

Interested person transactions

The Group has implemented procedures governing all interested person transactions. In particular, the Audit Committee reviews all interested person transactions to ensure that these are carried out on an arm's length basis, in conformity with normal commercial terms and are not prejudicial to the interests of the Company and its shareholders. Management provides periodic reports to the Audit Committee detailing all interested person transactions. A register is maintained of all interested person transactions.

Particulars of interested person transactions of the Group required to be disclosed under Rule 907 of the SGX-ST Listing Manual are as follows:

Name of interested person	Aggregate value of all interested person transactions in the financial year ended 30 June 2013 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted in the financial year ended 30 June 2013 under shareholders' mandate pursuant to Rule 920
Australasian Insulation Supplies Pty Ltd	AU$166,302*	Not applicable #

* Purchase of specialised insulation materials.

The Company has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920.

Except as noted above there were no material contracts entered into by the Group involving the interest of the CEO, any Director or controlling shareholder, either still subsisting at the end of the year or entered into since the end of the previous financial year.

Appendix 1

Summary of Board and Committee Meetings held during the financial year from 1 July 2012 to 30 June 2013:

	Board of Directors			Audit Committee			Nominating Committee			Remuneration & Human Capital Committee			Health, Safety & Sustainability Committee		
		No. of Meetings			No. of Meetings			No. of Meetings			No. of Meetings			No. of Meetings	
	P	H	A	P	H	A	P	H	A	P	H	A	P	H	A
Executive Director															
Mr Laurie McGregor Barlow	M	13	13	-	-	-	-	-	-	-	-	-	-	-	-
Non-executive Director															
Dr Chew Kia Ngee	C	13	13	-	-	-	C	2	2	-	-	-	-	-	-
Mr Stuart Maxwell Kenny	M	13	12	-	-	-	-	-	-	-	-	-	-	-	-
Mr Barry Alfred Carson	M	13	10	-	-	-	M	2	2	C	5	5	M	4	4
Mr Kok Pak Chow	M	13	13	C	4	4	M	2	2	-	-	-	-	-	-
Mr Kelvin Lee Kiam Hwee	M	13	13	M	4	4	-	-	-	M	5	5	-	-	-
Mr Damien Marian O'Reilly	M	13	11	-	-	-	-	-	-	M	5	5	C	4	4
Mr Grant Anthony Pestell	M	13	13	M	4	4	-	-	-	-	-	-	M	4	4

P - Position held as at 30 June 2013

H - Number of meetings held

A - Number of meetings attended

C - Chairman

M - Member

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of AusGroup Limited and the entities it controlled at the end of, or during, the year ended 30 June 2013.

1 Directors

The directors of the Company in office at the date of this report are as follows:

- Dr Chew Kia Ngee
- Laurie McGregor Barlow
- Stuart Maxwell Kenny
- Barry Alfred Carson
- Kok Pak Chow
- Kelvin Lee Kiam Hwee
- Damien Marian O'Reilly
- Grant Anthony Pestell

2 Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under Note 3 and Note 4 below.

3 Directors' interests in shares or debentures

Section 201(6A) of the Companies Act

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 01.07.2012 or date of appointment, if later	At 30.06.2013	At 01.07.2012 or date of appointment, if later	At 30.06.2013
The Company				
No. of ordinary shares				
Stuart Maxwell Kenny	-	-	14,908,896	14,908,896
Barry Alfred Carson	20,651,518	20,651,518	-	-

There was no change in the directors' interests in the ordinary shares of the Company between 30 June 2013 and 21 July 2013.

4 Share option and share right schemes

The Group currently has three schemes in operation (collectively referred to as "the schemes"):

(a) AusGroup Employee Share Option Scheme 2007 ("ESOS")

- There were no ordinary shares issued during the financial year by virtue of the exercise of options to take up unissued ordinary shares of the Company. Except as disclosed in Note 21 to the financial statements, there were no unissued ordinary shares of the Company or any subsidiary under option at the end of the financial year. No options were granted to any parties during the financial year.
- A further 1,233,000 options remain exercisable at the balance sheet date.
- Since February 2009 no options have been granted under the ESOS which was terminated by the shareholders and replaced by the ASOS and ASS on the 15 October 2010 from which all share based employment compensation has been / will be issued under the AusGroup Share Option Scheme 2010 or the AusGroup Share Scheme 2010.

(b) AusGroup Share Option Scheme 2010 ("ASOS"), which superseded the ESOS in October 2010

- There were a total of 550,000 ordinary shares issued during the financial year by virtue of the exercise of options to take up unissued ordinary shares of the Company. Except as disclosed in Note 21 to the financial statements, there were no unissued ordinary shares of the Company or any subsidiary under option at the end of the financial year.

- A further 1,225,000 options remain exercisable at the balance sheet date.
- A further 700,000 options granted were unvested at the balance sheet date.

(c) AusGroup Share Scheme 2010 ("ASS")

- There were 3,974,172 ordinary shares issued during the financial year by virtue of the rights qualifying to take up unissued ordinary shares of the Company. Except as disclosed in Note 21 to the financial statements, there were no unissued ordinary shares of the Company or any subsidiary under rights at the end of the financial year.
- A further 2,340,000 share rights were granted during the financial year.
- All of the outstanding 6,631,176 shares rights were unvested at the balance sheet date. However, the conditions pursuant to the ASS were met as of 30 June 2013 and as such 1,320,339 share rights qualified for the issuing of ordinary shares under the ASS on 1 July 2013.

Additional information on these schemes is provided in the Corporate Governance Report (page 32) and Note 21 to the financial statements (page 79).

Rule 852 of the Listing Manual

(i) The names of the members of the committee administering the schemes:

All three schemes are administered by the Remuneration and Human Capital Committee of which the members at the end of the financial year were as follows:

- Barry Alfred Carson (Chairman)
- Kelvin Lee Kiam Hwee
- Damien Marian O'Reilly

(ii) Participant information at the end of the financial year:

Name of participant	Scheme	Options / share rights granted during the financial year	Aggregate options / share rights granted since commencement of the schemes to end of financial year	Aggregate options / share rights exercised / forfeited since commencement of the schemes to end of financial year	Aggregate options / share rights outstanding as at end of financial year
Directors					
Dr Chew Kia Ngee	ASOS	100,000	200,000	-	200,000
Laurie McGregor Barlow	ASS	1,300,000	1,300,000	-	1,300,000
Barry Alfred Carson	ASOS	100,000	200,000	-	200,000
Stuart Maxwell Kenny	ASOS	100,000	100,000	-	100,000
Kok Pak Chow	ASOS	100,000	200,000	-	200,000
Kelvin Lee Kiam Hwee	ASOS	100,000	200,000	-	200,000
Damien Marian O'Reilly	ASOS	100,000	100,000	-	100,000
Grant Anthony Pestell	ASOS	100,000	100,000	-	100,000
Participants who are controlling shareholders of the issuer and their associates					
N/A					
Participants, other than those above, who receive 5% or more of the total number of options / share rights available under the schemes					
Michael Anthony Hardwick	ESOS,ASOS & ASS	-	2,265,000	(1,603,880)	661,120
Anthony John Tomich	ESOS,ASOS & ASS	-	1,495,000	(541,400)	953,600
Anthony Hugh Nicol	ASOS & ASS	-	1,000,000	(482,400)	517,600

The aggregate number of options granted to the directors and employees of the Company and its subsidiaries for the financial year under review, and since the commencement of the scheme to the end of the financial year under review:

Name of Scheme	Options/share rights granted during the financial year	Aggregate options / share rights granted since commencement of the schemes to end of financial year	Aggregate options / share rights exercised / forfeited since commencement of the schemes to end of financial year	Aggregate options / share rights outstanding as at end of financial year
ESOS	-	9,966,000	(8,733,000)	1,233,000
ASOS	700,000	3,575,000	(1,650,000)	1,925,000
ASS	2,515,000	21,554,000	(14,922,824)	6,631,176
Total	**3,215,000**	**35,095,000**	**(25,305,824)**	**9,789,176**

(iii) The requirements of Rule 852 (C) (i) in the Listing Manual are not applicable to the Company.

(iv) The number and proportion of options granted at a discount during the financial year under review in respect of every 10 percent discount range, up to the maximum quantum of discount granted:

- Since the commencement of the schemes till the end of the financial year, no options / share rights have been granted at a discount.
- The exercise price of the options / share rights is determined at the average of the last dealt prices of the Company's ordinary shares on the Singapore Stock Exchange for five consecutive market days immediately preceding the date of the grant.

5 Directors' contractual benefits

For the financial year ended 30 June 2013 no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for the following:

- Directors' remuneration as disclosed in Principle 9 of the Corporate Governance Report
- Barry Alfred Carson received remuneration from Australasian Insulation Supplies Pty Ltd (a related party) in his capacity as director of that company
- Laurie McGregor Barlow has an employment relationship with a wholly-owned subsidiary of AusGroup Limited in Australia and has received remuneration in that capacity

6 Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

- Kok Pak Chow (Chairman)
- Kelvin Lee Kiam Hwee
- Grant Anthony Pestell

All members of the Audit Committee were independent non-executive directors.

The Audit Committee performed the functions specified in Section 201B(5) of the Singapore Companies Act and Code of Corporate Governance.

The duties and functions of the Audit Committee have been included in Principle 11 on page 33 of the Corporate Governance Report.

The Audit Committee has nominated PricewaterhouseCoopers LLP for re-appointment as auditor of the Company at the forthcoming Annual General Meeting. The Audit Committee has conducted an annual review of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor before confirming their nomination.

7 Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Dr Chew Kia Ngee
Director

Laurie McGregor Barlow
Chief Executive Officer and Managing Director

30 August 2013

Statement By Directors For the financial year ended 30 June 2013

In the opinion of the directors,

(a) the balance sheets of the Company and the consolidated financial statements of the Group as set out on pages 44 to 93 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2013 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Dr Chew Kia Ngee
Director

Laurie McGregor Barlow
Chief Executive Officer and Managing Director

Singapore

30 August 2013

TO THE MEMBERS OF AUSGROUP LIMITED

For the financial year ended 30 June 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSGROUP LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of AusGroup Limited (the "Company") and its subsidiaries (the "Group") set out on pages 44 to 93, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore, 30 August 2013

Consolidated Balance Sheet As at 30 June 2013

	Notes	Group 2013 AU$'000	Group 2012 AU$'000	Company 2013 AU$'000	Company 2012 AU$'000
ASSETS					
Current assets					
Cash and cash equivalents	5	**11,722**	32,820	**1,645**	13,250
Trade receivables	6	**160,566**	117,635	**-**	-
Other receivables and prepayments	7	**7,362**	4,826	**1,187**	364
Inventories	8	**1,797**	2,592	**-**	-
Due from subsidiaries	9	**-**	-	**24,003**	-
Other assets	10	**1,012**	1,242	**-**	-
Assets classified as held for sale	11	**18,397**	-	**-**	-
Total current assets		**200,856**	159,115	**26,835**	13,614
Non-current assets					
Property, plant and equipment	12	**75,986**	95,824	**-**	-
Goodwill	13	**16,421**	15,971	**-**	-
Intangible assets	14	**10,867**	8,084	**-**	-
Due from subsidiaries	9	**-**	-	**8,571**	28,214
Other assets	10	**-**	-	**37,438**	26,736
Deferred income tax assets	15	**1,661**	2,475	**-**	-
Total non-current assets		**104,935**	122,354	**46,009**	54,950
Total assets		**305,791**	281,469	**72,844**	68,564
LIABILITIES					
Current liabilities					
Trade payables	16	**42,527**	23,387	**-**	-
Other payables	17	**41,861**	48,249	**1,947**	265
Borrowings	18	**30,010**	4,372	**-**	-
Accruals for other liabilities and charges	19	**12,306**	24,199	**-**	-
Current income tax liability		**780**	9,265	**361**	372
Total current liabilities		**127,484**	109,472	**2,308**	637
Non-current liabilities					
Deferred income tax liabilities	15	**2,406**	1,267	**-**	-
Other payables	17	**1,252**	3,608	**-**	-
Borrowings	18	**-**	1,770	**-**	-
Accruals for other liabilities and charges	19	**1,449**	1,402	**-**	-
Total non-current liabilities		**5,107**	8,047	**-**	-
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	20	**64,309**	64,170	**64,309**	64,170
Capital reserve	21	**(163)**	-	**(163)**	-
Share based payment reserve	21	**1,052**	3,337	**1,052**	3,337
Foreign currency translation reserve	21	**3,852**	(2,159)	**5,018**	(1,631)
Retained earnings		**104,150**	98,602	**320**	2,051
Total equity		**173,200**	163,950	**70,536**	67,927
Total liabilities and equity		**305,791**	281,469	**72,844**	68,564

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	Notes	Group 2013 AU$'000	2012 AU$'000
Revenue from operations	22	**582,706**	632,033
Cost of sales		**(519,218)**	(553,748)
Gross profit		**63,488**	78,285
Other operating income	23	**3,945**	2,462
Other operating costs		**(21,927)**	(17,345)
Administrative expenses		**(25,058)**	(25,629)
Marketing and distribution expenses		**(2,705)**	(2,778)
Share of profit from associate company and joint venture	10	**524**	3,908
Profit from operations	24	**18,267**	38,903
Finance costs	25	**(3,982)**	(3,395)
Profit before income tax		**14,285**	35,508
Income tax expense	26	**(4,576)**	(12,195)
Net profit for the year		**9,709**	23,313
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Currency translation differences arising from consolidation		**5,622**	949
Total comprehensive income for the year		**15,331**	24,262
Net profit is attributable to:			
Equity holders of the Company		**9,709**	23,313
Total comprehensive income attributable to:			
Equity holders of the Company		**15,331**	24,262
Earnings per share attributable to equity holders of the Company (AU$ cents per share)			
- Basic	27	**2.0**	4.9
- Diluted	27	**2.0**	4.8

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes In Equity

For the year ended 30 June 2013

	Attributable to equity holders of the Company						
Group	**Share capital AU$'000**	**Treasury reserve AU$'000**	**Capital reserve AU$'000**	**Share based payment reserve AU$'000**	**Foreign currency translation reserve AU$'000**	**Retained earnings AU$'000**	**Total AU$'000**
Balance at 1 July 2012	64,170	-	-	3,337	(2,159)	98,602	**163,950**
Profit for the year	-	-	-	-	-	9,709	**9,709**
Other comprehensive income	-	-	-	-	5,622	-	**5,622**
Dissolution of subsidiaries	-	-	-	-	389	(389)	**-**
Total comprehensive income for the year	-	-	-	-	6,011	9,320	**15,331**
Transactions with owners in their capacity as owners:							
Shares issued for net of transaction cost	139	-	-	-	-	-	**139**
Employee share and option scheme (expense reversal) / expense	-	-	-	(747)	-	-	**(747)**
Purchase of treasury shares	-	(1,701)	-	-	-	-	**(1,701)**
Transfer of treasury shares	-	1,701	(163)	(1,538)	-	-	**-**
Dividends paid	-	-	-	-	-	(3,772)	**(3,772)**
	139	-	(163)	(2,285)	-	(3,772)	**(6,081)**
Balance at 30 June 2013	**64,309**	**-**	**(163)**	**1,052**	**3,852**	**104,150**	**173,200**
Balance at 1 July 2011	61,941	-	-	2,642	(3,108)	77,607	139,082
Profit for the year	-	-	-	-	-	23,313	23,313
Other comprehensive income	-	-	-	-	949	-	949
Total comprehensive income for the year	-	-	-	-	949	23,313	24,262
Transactions with owners in their capacity as owners:							
Shares issued for acquisition of business	1,933	-	-	-	-	-	1,933
Employee share and option scheme (expense reversal) / expense	296	-	-	695	-	-	991
Dividends paid	-	-	-	-	-	(2,318)	(2,318)
	2,229	-	-	695	-	(2,318)	606
Balance at 30 June 2012	64,170	-	-	3,337	(2,159)	98,602	163,950

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Notes	Group 2013 AU$'000	2012 AU$'000
Cash flows from operating activities			
Net profit for the year		**9,709**	23,313
Adjustments for:			
Income tax expense	26	**4,576**	12,195
Depreciation of property, plant and equipment	12	**12,848**	14,177
Amortisation of intangible assets	14	**2,570**	1,099
Employee share and share option scheme (expense reversal) / expense		**(747)**	695
Impairment of trade receivables		**43**	52
Net foreign exchange differences		**-**	(1,079)
Profit on disposal of property, plant and equipment	23	**(2,249)**	(1,361)
Share of (loss) / profit of joint venture*		**(524)**	(3,908)
Interest income	23	**(616)**	(420)
Finance costs	25	**3,982**	3,395
Operating cash flows before working capital changes		**29,592**	48,158
Changes in operating assets and liabilities, net of effects from acquisition of business			
Trade receivables		**(42,975)**	(8,101)
Other receivables and prepayments		**(1,251)**	(3,431)
Trade and other payables		**14,217**	490
Accruals		**(11,846)**	10,889
Inventories		**795**	(839)
Cash (used in) / generated from operations		**(11,468)**	47,166
Interest paid		**(3,722)**	(3,183)
Interest received	23	**616**	420
Income tax paid		**(12,394)**	(7,289)
Net cash (used in) / generated from operating activities		**(26,968)**	37,114
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**4,673**	3,774
Purchase of property, plant and equipment		**(10,064)**	(8,932)
Payments for acquisition of subsidiary, net of cash acquired	17	**(3,514)**	(3,564)
Payments for acquisition of business, net of cash acquired	32	**(565)**	(1,933)
Distributions from joint venture*		**754**	2,685
Purchase of intangible assets	14	**(5,225)**	(5,287)
Net cash used in investing activities		**(13,941)**	(13,257)
Cash flows from financing activities			
Dividends paid	31	**(3,772)**	(2,318)
Proceeds from bank loans		**22,556**	2,750
Repayment of bank loans		**-**	(15,724)
Net repayment of finance leases		**(1,658)**	(2,893)
Proceeds from issue of share capital	20	**139**	296
Purchase of treasury shares		**(1,701)**	-
Net cash inflow / (outflow) from financing activities		**15,564**	(17,889)

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

		Group	
		2013	2012
	Notes	**AU$'000**	AU$'000
Net (decrease) / increase in cash and cash equivalents		**(25,345)**	5,968
Effects of exchange rate changes on cash and cash equivalents		**1,277**	274
Cash and cash equivalents at the beginning of the financial year		**32,820**	26,578
Cash and cash equivalents at end of year	5	**8,752**	32,820
Acquisition of intangible assets by means of finance leases		**-**	2,013
Acquisition of business by means of equity issue		**-**	1,933

** Comparative information has been restated to conform with the current year presentation. These amounts were disclosed together under investing activities as "Increase in interest in joint venture" in the prior year.*

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

These notes form an integral part of, and should be read in conjunction with, the accompanying financial statements.

1 General information

AusGroup Limited (the "Company") is a limited liability company domiciled and incorporated in Singapore and its shares are publicly traded on the Singapore Exchange. The address of its registered office is 36 Tuas Road, Singapore 638505 and its principal place of business is Level 2, 251 St Georges Terrace, Perth, Western Australia, 6000.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 10(b).

The consolidated financial statements of the Group for the financial year ended 30 June 2013 and the balance sheet of the Company as at 30 June 2013 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 30 August 2013.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial report are for the consolidated entity consisting of AusGroup Limited and its subsidiaries.

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") using the historical cost convention, except as disclosed in the accounting policies below.

Critical accounting estimates

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not been early adopted by the group. The Group's and the Company's assessment of the impact of these new standards and interpretations is set out below.

FRS 9 - Financial Instruments (effective from 1 January 2015)
FRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. The application of the standard at the operative date is not expected to have a significant impact on the group's accounting for financial assets and liabilities. The group has not yet decided when to adopt FRS 9.

FRS 110 - Consolidated Financial Statements (effective 1 January 2013)
The new FRS 10 - Consolidated Financial Statements is effective for accounting periods beginning on or after 1 January 2013 and early adoption is permitted. The standard changes the definition of control by focussing on the need to have both power and variable returns before control is present. The changed definition and application guidance is not expected to have an impact on any of the amounts recognised in the financial statements.

FRS 111 - Joint Arrangements (effective 1 January 2013)
The new FRS 111 - Joint Arrangements is effective for accounting periods beginning on or after 1 January 2013 and early adoption is permitted (if the entire package of five new standards is adopted at the same time). Changes in the definitions have reduced the "types" of joint arrangements to two, being either joint operations or joint ventures. Equity accounting will be mandatory for participants in joint ventures. As the Group already applies the equity method it is not expected that there will be any impact on any of the amounts recognised in the financial statements.

FRS 112 - Disclosure of Interests in Other Entities (effective 1 January 2013)
The new FRS 112 - Disclosure of Interests in Other Entities is effective for accounting periods beginning on or after 1 January 2013 and early adoption is permitted. FRS 112 sets out the required disclosures for entities reporting under the new standards FRS 110 and FRS 111. It also replaces the disclosure requirements currently found in FRS 28 - Investments in Associates. The new standard requires

entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entities interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. It is not expected that there will be any impact on any of the amounts recognised in the financial statements.

FRS 113 - Fair Value Measurement (effective 1 January 2013)
The new FRS 113 - Fair Value Measurement is effective for accounting periods beginning on or after 1 January 2013 and early adoption is permitted but must be applied prospectively as of the beginning of the annual period in which it is initially applied. FRS 113 explains how to measure fair value and aims to enhance fair value disclosures. It does not say when to measure fair value or require additional fair value measurements. It is not expected that there will be any significant impact on any of the amounts recognised in the financial statements.

FRS 27 - Separate Financial Statements (effective 1 January 2013)
The revised FRS 27 - Separate Financial Statements is effective for accounting periods beginning on or after 1 January 2013 and early adoption is permitted. FRS 27 guidance on control and consolidation has been replaced entirely by FRS 110. FRS 27 has been renamed to Separate Financial Statements (formerly Consolidated and Separate Financial Statements) and continues to be the standard dealing solely with separate financial statements. The existing guidance on separate financial statements remains unchanged. It is not expected that there will be any impact on any of the amounts recognised in the financial statements.

FRS 28 - Investments in Associates and Joint Ventures (effective 1 January 2013)
The revised FRS 28 - Investments in Associates and Joint Ventures is effective for accounting periods beginning on or after 1 January 2013. FRS 28 outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures. The standard also defines an associate by reference to the concept of "significant influence" which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those polices). It is not expected that there will be any significant impact on any of the amounts recognised in the financial statements.

(c) Principles of consolidation

Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the business combinations of the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the dates of exchange, plus costs directly attributable to the acquisition. For combinations occurring after 1 July 2009 acquisition-related costs will not be permitted to be included as part of the consideration transferred and are expensed as incurred. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of non-controlling interest. Please refer to Note 2(d) for the accounting policy on goodwill on acquisition of subsidiaries and businesses.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Please refer to Note 2(f) for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

Associated companies

Associated companies are entities over which the Group has significant influence but not control, generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company. Unrealised gains on transactions between the Group and its associate companies are eliminated to the extent of the Group's interest in the associated companies.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to Note 2(f) for the accounting policy on investments in associated companies in the separate financial statements of the Company.

Joint venture entities

Joint ventures are entities over which the Group has contractual arrangements to jointly share control over the economic activity of the entities with one or more parties. Interests in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Interests in joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the joint ventures are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the joint venture. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures.

Please refer to Note 2(f) for the accounting policy on interests in joint ventures in the separate financial statements of the Company.

(d) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous entity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries and business prior to 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

(e) Property, plant and equipment

Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the cost amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(iv) Fixed asset losses

The Group carries a provision for loss of scaffolding equipment. This provision is based on the Group's history of losses that have occurred.

Depreciation

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight line method to allocate their depreciable amounts over their estimated useful lives as follows:

-	Freehold Buildings	2.5% per annum
-	Leasehold land and buildings	over the life of the lease
-	Plant and equipment	5% - 33% per annum

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision of the residual values and useful lives are recognised prospectively in profit or loss when the changes arise.

Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised as a profit or loss within 'Other operating income' in the consolidated statement of comprehensive income.

(f) Investments in subsidiaries and associated companies and interests in joint ventures

Investments in subsidiaries and associated companies and interests in joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of these investments or interests, the difference between disposal proceeds and the carrying amounts of the investments or interests is recognised as a profit or loss in the consolidated statement of comprehensive income.

(g) Impairment of non-financial assets

Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associated company is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGUs fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

Property, plant and equipment and investments in subsidiaries

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of these assets, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(h) Intangible assets

Acquired customer contracts

Customer contracts are capitalised at the contract value calculated by reference to future cash flows of the contracts and discounted back to present value. The intangible assets arising from customer contracts were acquired through a business combination. The customer contracts are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

These assets are amortised on a straight-line basis over the useful lives of the customer contracts of two to four years.

Acquired customer relationships, management skills and technical knowledge

Customer relationships, management skills and technical knowledge are capitalised by reference to future cash flows of the expected sales to existing customers and discounted back to present value. The intangible assets arising were acquired through a business combination. These assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

These assets are amortised on a straight-line basis over the contractually agreed employment period of the owner of the previous business of 5 years.

IT development and software

Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Developed software is initially capitalised at cost, which includes purchases of materials and services and payroll-related costs of employees directly involved in the project.

Developed software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight line method over their estimated useful lives of 3 to 5 years.

The carrying amount of software development costs capitalised as intangible assets is tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

(i) Assets classified as held for sale

Assets classified as held for sale are carried at the lower of their carrying amount and fair value less cost to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable the appropriate level of management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must be initiated. The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification. However, events or circumstances may extend the

period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

These assets are not depreciated while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has previously been recognised) is recognised in profit and loss.

(j) Construction contracts

When accounting for construction contracts, the contracts are either combined or segmented if deemed necessary to reflect the substance of a contract or group of contracts.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised 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 recognised 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 recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the ratio of contract costs incurred to date to the estimated total costs for the contract or on the basis of value of work completed. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulated costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade payables".

Progress billings not yet paid by customers and retentions are included within "trade receivables". Advances received are included within "trade payables".

(k) Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade receivables", "other receivables and prepayments" and "cash and cash equivalents" on the balance sheet.

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks or financial institutions, fixed deposits and bank overdrafts, which form an integral part of the Group's cash management. Cash and cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude those fixed deposits which have been pledged to banks to secure borrowing facilities granted to the Group.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(n) Borrowings

Borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the consolidated income statement over the period of the borrowings.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in the current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, where it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the consolidated statement of comprehensive income as an interest expense.

(p) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Leases

Finance leases

Leases of property, plant and equipment where the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (refer note 30). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(r) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group, from time to time, designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

Cash flow hedge

(i) Interest rate swaps

The Group, from time to time, enters into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in the hedging reserve and transferred to profit or loss when the interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

(ii) Currency forwards

The Group, from time to time, enters into currency forwards that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in the hedging reserve and transferred to either the cost of a hedged non-monetary asset upon acquisition or profit or loss when the hedged forecast transactions are recognised.

The fair value changes on the ineffective portion are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in the hedging reserve are transferred to profit or loss immediately.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the circumstances of each arrangement.

Short-term contracts

Revenue from short-term contracts (less than 12 months) is recognised upon completion, delivery and acceptance by the customer and the collectability of the related receivables is reasonably assured.

Construction contracts

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts, refer to Note 2(j).

Sale of goods

Revenue on sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and collectability of the related receivables is reasonably assured.

Services rendered

Revenue is recognised by the reference to the stage of completion of the transaction at the end of the reporting period. Revenue is recognised only when it is probable that the economic benefits associated with transaction will flow to the entity. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense, rather than as an adjustment of the amount of revenue originally recognised.

Hire revenue

Revenue from the hiring and installation of scaffolding equipment is recognised in the period in which the services are rendered.

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(t) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group participates in the national schemes as defined by the laws of the countries in which it operates. The Group's contributions are recognised as expenses in the consolidated statement of comprehensive income as and when they are incurred. The Group has no further payment obligations to these schemes once these contributions have been paid.

Share-based payments

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of options or rights to shares is recognised as an expense in the consolidated statement of comprehensive income with a corresponding increase in the share based payment reserve over the vesting period. The amount recognised as an expense is adjusted to reflect the number of shares and options for which the related service, market and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of shares and options that meet the related service, market and non-market performance conditions at the vesting date. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options or shares granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to vest on each vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under both options and share rights that are expected to vest on each vesting date and recognises the impact of the revision of the estimates in the profit or loss, with a corresponding adjustment to the share based payment reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share based payment reserve, are credited to share capital account when new ordinary shares are issued.

Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Short-term compensated absences

Employee entitlements to annual leave and sick leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and sick leave as a result of services rendered by employees up to the balance sheet date.

Long service leave

Employee entitlements to long service leave are recognised based on the likelihood that the leave is likely to be paid out. A provision is made for the estimated liability for long service leave as a result of services rendered by employees up to the balance sheet date.

(u) Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders for payment.

(v) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Australian Dollars. The Company's functional currency is the Singapore Dollar and the financial statements are presented in Australian Dollars ("AU$") which, in the opinion of management, is the most appropriate presentation currency as the Group's principal assets and operations are in Australia and the majority of its operations are conducted in AU$.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions except for investments and equity balances. Investments and equity balances are translated based on the historic rate at the date of the transaction. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and qualifying as a net investment in foreign operations.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of group entities' financial statements

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each consolidated income statement and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)
- all resulting exchange differences are recognised in other comprehensive income

Consolidation adjustments

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(w) Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition. To the extent possible deferred tax assets are netted against deferred tax liabilities and vice versa.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

(y) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(z) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of inventories comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

Consumables are assets in the form of materials or supplies to be consumed in the production process or in the rendering of services and are included in inventory. Consumables are measured at the lower of cost and net realisable value.

(aa) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares

(ab) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(ac) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of property, plant and equipment

Property, plant and equipment mainly consist of freehold and leasehold land and buildings, and plant and equipment. The Group assesses impairment at each year end by evaluating the existence of indications specific to the Group that may lead to impairment of property, plant and equipment. These indications include significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to the expected historical or future operating results and significant negative industry or economic trends.

As described in the accounting policy stated in Note 2(g), the Group estimates the recoverable amount as the higher of the fair value less cost to sell and the value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect the property, plant and equipment.

There were no events or circumstances that indicated that an impairment or impairment reversal may have occurred, therefore no impairment assessment was performed, and no impairment loss was recognised for the year ended 30 June 2013.

Impairment of goodwill

The Group tests at least annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2(g). The recoverable amounts of cash generating units (CGUs) have been determined based on the value-in-use calculations. These calculations require the use of assumptions. Refer to Note 13 for details of these assumptions and the potential impact of changes to the assumptions.

Impairment of intangible assets

As stated in Note 2(h) the Group assesses impairment of intangible assets whenever events or changes in circumstances indicate the carrying value of an intangible asset may not be recoverable. The impairment to be recognised is the amount by which the carrying amount exceeds the recoverable amount. The Group estimates the recoverable amount as the higher of the fair value less cost to sell and the value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect the intangible assets.

There were no events or circumstances that indicated that an impairment or impairment reversal may have occurred, therefore no impairment assessment was performed, and no impairment loss was recognised for the year ended 30 June 2013.

Warranty claims

The Group provides warranties to customers in relation to certain works undertaken by the Group. No provision for warranties has been made in the preparation of these accounts as the Group historically has only made minor payments under these provisions.

Deferred income tax assets

The Group recognises deferred income tax assets on carried forward tax losses, capital and investment allowances to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses, capital and investment allowances can be utilised and that the Group is able to satisfy the continuing ownership and continuing business test.

Construction contracts

The Group uses the percentage-of-completion method in accounting for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract or on the basis of value of work completed.

Significant assumptions are required to estimate the total contract costs and the recoverable variations works that will affect the stage of completion and the contract revenue respectively. In making these estimates, the Group has relied on past experience and the work of specialists. The aggregate costs incurred plus recognised profit less recognised losses to date, progress billings, retentions on construction contracts and due from/to the customers are disclosed in Note 6b.

Workers compensation insurance

Due to the terms of the Group's workers compensation insurance contracts, which are dependent on the claims history in each financial year, the final assessment for the workers compensation premiums only occurs three years after the close of each financial year. The Group is therefore required to assess the likely charge and accrue the costs accordingly. This estimation is done in conjunction with our insurance brokers who track the current and potential claims and assess the likelihood of success of each claim.

Estimation of fair value of share options and share rights

The fair value of options was determined using a Binomial Valuation Model and the fair value of share rights was determined using a Binomial and Monte-Carlo Valuation Model simulation. The significant inputs into the model were share prices, exercise prices, volatility of expected share price returns of 40% to 60.5%, the life of the share options and rights, the dividend yield and annual risk-free interest rate for each option or right grant. The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the three years prior to the grant of the option or share right. The assumptions and estimates used are disclosed in Note 21. In order to determine the accounting expense an estimation of the attrition rate (of 20%) and the likely vesting period that the share options and share rights are expected to vest were used.

(b) Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Impairment of trade receivables

The Group maintains allowance for impairment at a level based on the result of individual assessment under FRS 39. Under the individual assessment, the Group is required to obtain the present value of estimated cash flows. Impairment loss is determined as the difference between the financial assets carrying balance and the computed present value. Factors considered in individual assessment are payment history, past due status and term.

Construction contracts

When accounting for construction contracts, the contracts are either combined or segmented if deemed necessary to reflect the substance of a contract or group of contracts.

Construction contract accounting requires that variations, claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customer. As the approval process (often involving lengthy negotiations) takes some time, judgment is required to be made of its probability and revenue recognised accordingly.

4 Financial risk management

The Group's activities are exposed to a variety of financial risks, including the effects of currency risk, interest rate risk, credit risk and liquidity risk arising in the normal course of business. The Group's financial risk management policy seeks to minimise potential adverse effects on the financial performance of the Group by managing the following risks in the manner set out below.

(a) Currency risk

The Group operates mainly in Australia, with smaller operations in Singapore and Thailand. Group sale and purchase transactions are primarily denominated in Australian dollars with a portion denominated in Singapore dollars, Thai Baht and US dollars. This exposes the Group to currency risk when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group uses derivative financial instruments to protect against the volatility associated with foreign currency transactions and management constantly monitor the currency rates to ensure the Group's exposure is within an acceptable level.

The Group entered into foreign exchange forward contracts to manage exposure to currency fluctuations. The contractual amounts and exchange rates are disclosed in Note 30(c).

The Group's currency exposure based on information provided to management's executive committee is as follows:

	2013			2012		
	Singapore Dollar	**United States Dollar**	**Thailand Baht**	Singapore Dollar	United States Dollar	Thailand Baht
	AU$'000	**AU$'000**	**AU$'000**	AU$'000	AU$'000	AU$'000
Financial assets						
Trade receivables	**11,128**	**5,261**	**1,037**	6,270	2,551	1,948
Other receivables and prepayments	**1,835**	**-**	**375**	485	7	87
Cash and cash equivalents	**3,080**	**457**	**2,614**	13,685	19	446
	16,043	**5,718**	**4,026**	20,440	2,577	2,481
Financial liabilities						
Trade payables	**7,509**	**696**	**21**	2,324	611	57
Other payables	**4,504**	**-**	**434**	4,439	15	107
	12,013	**696**	**455**	6,763	626	164
Currency exposure on net financial assets	**4,030**	**5,022**	**3,571**	13,677	1,951	2,317

The Company's financial assets and liabilities are mainly denominated in Singapore dollars.

Sensitivity analysis

A change of 1% (2012: 1%), taking into consideration both strengthening and weakening aspect of AU$, against the following currencies at the balance sheet date would increase/(decrease) the Group's profit before income tax and equity by the amounts as shown below. This analysis assumes that all other variables, in particular interest and tax rates, remain constant.

	2013	2012
	AU$'000	AU$'000
SGD against AU$		
- strengthened	**40**	135
- weakened	**(41)**	(138)
USD against AU$		
- strengthened	**50**	19
- weakened	**(51)**	(20)
BAHT against AU$		
- strengthened	**35**	23
- weakened	**(36)**	(23)

(b) Interest rate risk

The Group's exposure to interest rate risk is related mainly to its bank borrowings, which are on fixed and floating rate terms. Interest rates on the short-term loans are fixed. The interest rate and terms of repayment of borrowings and cash balances of the Group are disclosed in Notes 18 and 5 respectively.

The Group's policy is to obtain the most favourable interest rates available for its borrowings and bank deposits. Bank deposits are placed where the interest rates are beneficial whilst at the same time mitigate the risk of market changes in interest rate. The Group's financial risk management policy seeks to minimise potential adverse effects on the financial performance of the Group by entering into interest rate swap transactions to generate the desired interest profit and to manage the exposure to interest rate fluctuations. This involves an exchange of a floating rate obligation to a fixed rate obligation which is recognised at fair value.

A 1% (2012 : 1%) increase/decrease in the floating rate terms of the Group's borrowings at the balance sheet date would increase/decrease profit or loss by the following amount:

	2013	2012
	AU$'000	AU$'000
Profit or loss	**283**	28

This analysis assumes that all other variables remain constant.

(c) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables and cash and cash equivalents. It is the Group's policy to enter into transactions with creditworthy customers and banks with high credit ratings (short term rating of A-1 or higher) to mitigate any significant credit risk. The Group has procedures in place to control credit risk and that exposure to such risk is monitored on an ongoing basis. At the end of the financial year, the Group had no significant concentration of credit risk.

The Group's trade receivables are mainly from Australian based companies operating in the construction, manufacturing, fabrication and integrated services industries. For a summary of exposure to key customers please refer to Note 33(d).

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The Groups' maximum exposure to credit risk is in terms of trade receivables which have a balance at 30 June 2013 of $112.5 million (2012: $82.4 million). This exposure is further analysed below:

	Group		**Company**	
	2013	2012	**2013**	2012
	AU$'000	AU$'000	**AU$'000**	AU$'000
By currency exposure :				
Singapore dollar	**11,128**	6,270	**-**	-
Australian dollar	**95,071**	71,629	**-**	-
Thai Baht	**1,037**	1,948	**-**	-
US dollar	**5,261**	2,551	**-**	-
	112,497	82,398	**-**	-
By types of customers :				
Non-related parties	**112,497**	82,398	**-**	-

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

There were no terms renegotiated during the year for receivables that were past due.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group			
	KML * 2013	Other 2013	Total 2013	Total 2012
	AU$'000	AU$'000	AU$'000	AU$'000
Past due less than 3 months	30,450	9,291	39,741	14,467
Past due 3 to 6 months	16,319	1,175	17,494	1,003
	46,769	10,466	57,235	15,470

* The Company announced on 3 May 2013 that Karara Mining Limited (a company incorporated in Perth, Western Australia) ("KML") has withheld progress payments amounting in aggregate to approximately AU$21.7 million (the "Progress Payments") for structural, mechanical and piping installation works carried out by the Company's wholly-owned subsidiary, AGC Industries Pty Ltd ("AGC") at KML's Karara Iron Ore Project in Western Australia pursuant to a 2012 contract entered into between AGC and KML ("Contract"). Further, KML had provided notice to AGC that KML intended to call on the performance security ("Security") in the amount of AU$8.8 million in the form of bank guarantees issued by financial institutions, which Security was furnished to KML pursuant to the terms of the Contract. It is AGC's firm view that the Progress Payments are validly due under the Contract and that KML has not provided a substantiated basis for refusing payment and its intended call on the Security.

AGC also received notification from KML of a claim being prepared against AGC for an un-finalised value. The notification of claim has not been given in accordance with the Contract and KML has not provided any formal substantiation of either the breaches it relies upon or basis for calling on the performance guarantees or withholding the Progress Payments. Furthermore, in the 13 months AGC has performed this Contract, KML have not issued any formal show cause notice under the contract.

The Company announced on 25 June 2013 that AGC had issued a Writ of Summons against KML in the Supreme Court of Western Australia. AGC's Writ is in respect of KML's failure to process, certify and make Progress Payments amounting in aggregate to approximately AU$43.5 million and for a failure by KML to recognise additional corporate overhead and profit of AU$11.2 million which was a performance incentive to achieve certain milestone dates (the "COP Payment"). It is AGC's firm view that the Progress Payments and COP Payment claim are valid under the Contract. In addition to the Writ, AGC applied for, and was granted, an interim injunction to restrain KML from converting to cash the Security in the amount of AU$8.8 million until further order of the Court. Following that order a progress payment of AU$13.0 million was paid by KML in July 2013 and also saw the return of an outstanding bank guarantee in the amount of AU$10.9 million as previously announced.

Subsequently, the Company announced on 2 August 2013 that the Supreme Court of Western Australia has ordered AGC and KML to submit the dispute on a confidential basis to a Court supervised mediation. The Progress Payment of AU$13.0 million and the return of an outstanding bank guarantee in the amount of AU$10.9 million further substantiates AGC's position with respect to its rights under the contract.

Notwithstanding the legal action, AGC is currently actively liaising with KML management to attempt to resolve the current dispute either through formal dispute resolution under the contract, or mediation outside the Contract.

An allowance for impairment was made at the financial year end of AU$0.04 million (2012: AU$ 0.08 million). There are no other receivables that are neither past due nor impaired where adverse credit events or circumstances have occurred that would lead to concern over the credit quality of such assets.

(d) Liquidity risk

The table below analyses the maturity profile of the Group's and Company's non-derivative financial liabilities based on discounted cash flows (balances due within 12 months equal their carrying balances as the impact of discounting is not significant).

	Less than 1 year AU$'000	Between 1 and 2 years AU$'000
Group		
2013		
Trade and other payables	**84,388**	**1,252**
Borrowings	**30,010**	**-**
Accruals for other liabilities and charges	**12,306**	**1,449**
	126,704	**2,701**
2012		
Trade and other payables	71,636	3,608
Borrowings	4,372	1,770
Accruals for other liabilities and charges	24,199	1,402
	100,207	6,780

	Less than 1 year AU$'000	Between 1 and 2 years AU$'000
Company		
2013		
Trade and other payables	**1,947**	**-**
2012		
Trade and other payables	265	-

The Group maintains a sufficient level of cash and bank balances and has available an adequate amount of committed loans granted by its bankers to meet its working capital requirements.

As at 30 June 2013, the Group has net current assets of AU$73.4 million (2012: AU$49.6 million). The Group is not exposed to significant liquidity risk.

Financing arrangements

The Group and Company had access to the following undrawn borrowing and guarantee facilities at the end of the reporting period:

	Group		Company	
	2013	2012	**2013**	2012
	AU$'000	AU$'000	**AU$'000**	AU$'000
Expiry within one years (bank overdraft and loan facility)	**14,437**	-	**-**	-
Expiry within two years (bank overdraft and loan facility)	**-**	31,300	**-**	-
Guarantee facility*	**3,085**	20,224	**-**	**-**
Surety bond facility	**37,280**	23,177	**-**	**-**

* The Group secured a bridging loan of AU$9.2 million from its existing facilities in June 2013 (refer note 18c). The new facility agreements limit the Group's ability to draw on its undrawn guarantee facilities until such time as the bridging facility has been repaid and the financiers reassess the credit risk of the Group. The available guarantee facility will then return to normal levels.

The table below analyses the Group's and Company's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group and Company	Less than 1 year AU$'000	Greater than 1 year AU$'000
2013		
Gross-settled currency forwards		
- Receipts	**3,180**	-
- Payments	**(601)**	-
	2,579	-
2012		
Gross-settled currency forwards		
- Receipts	293	-
- Payments	-	-
	293	-

(e) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company is required by the banks to maintain certain financial ratios such as gearing ratios and interest rate ratios. There were no breaches of these as at 30 June 2013.

The gearing ratio is calculated as net debt / (funds) divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2013 AU$'000	2012 AU$'000	**2013 AU$'000**	2012 AU$'000
Net debt / (funds)	**18,288**	(26,678)	**(1,645)**	(13,250)
Total equity	**173,200**	163,950	**70,536**	67,927
Total capital	**191,488**	137,272	**68,891**	54,677
Gearing ratio	**10.6%**	n/m*	**n/m***	n/m*

*Not meaningful as the amount of cash and cash equivalents exceeds the borrowings.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2013 AU$'000	2012 AU$'000	**2013 AU$'000**	2012 AU$'000
Loans and receivables [1]	**179,650**	155,281	**35,406**	41,828
Financial liabilities measured at amortised cost [2]	**129,405**	106,987	**1,947**	265

[1] Refer note 5, 6, 7 and 9

[2] Refer notes 16, 17, 18 and 19

5 Cash and cash equivalents

	Group		Company	
	2013	2012	**2013**	2012
	AU$'000	AU$'000	**AU$'000**	AU$'000
Cash and cash equivalents represented by:				
Cash and cash balances	**11,722**	32,820	**1,645**	13,250

The effective deposit interest rates ranged from 0.22% to 3.95% (2012: 0.22% to 4.70%) per annum.

Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Group		Company	
	2013	2012	**2013**	2012
	AU$'000	AU$'000	**AU$'000**	AU$'000
Balances as above	**11,722**	32,820	**1,645**	13,250
Bank overdrafts (note 18)	**(2,970)**	-	**-**	-
Balances per statement of cash flows	**8,752**	32,820	**1,645**	13,250

6 Trade receivables

	Group	
	2013	2012
	AU$'000	AU$'000
Trade receivables		
- Non-related parties	**112,540**	82,478
- Less: Allowance for impairment of receivables	**(43)**	(80)
	112,497	82,398
Construction contracts		
- Due from customers	**48,069**	35,237
	160,566	117,635

At 30 June 2013, all amounts included in trade receivables and arising from construction contracts are due for settlement within 12 months (2012: 12 months).

	Group	
	2013	2012
	AU$'000	AU$'000
(a) Allowance for impairment of receivables		
Beginning of financial year	**(80)**	(28)
Increase in provision	**(43)**	(52)
Written off during the year	**80**	-
End of financial year	**(43)**	(80)
(b) Construction contracts:		
Aggregate costs incurred plus recognised profit less recognised losses to date on uncompleted construction contracts	**373,669**	496,052
Less: Progress billings	**(334,292)**	(465,461)
	39,377	30,591
Presented as:		
Due from customers on construction contracts	**48,069**	35,237
Due to customers on construction contracts	**(8,692)**	(4,646)
	39,377	30,591

7 Other receivables and prepayments

	Group		Company	
	2013	2012	**2013**	2012
	AU$'000	AU$'000	**AU$'000**	AU$'000
Prepayments	**4,355**	2,199	**825**	-
Deposits	**304**	102	**-**	-
Sundry receivables	**1,417**	2,525	**362**	364
Current tax receivables	**1,286**	-	**-**	-
	7,362	4,826	**1,187**	364

8 Inventories

	Group	
	2013	2012
	AU$'000	AU$'000
Inventory	**1,645**	1,595
Consumables	**152**	997
	1,797	2,592

9 Due from subsidiaries

	Company	
	2013	2012
	AU$'000	AU$'000
Current		
Advance to subsidiary - non-trade (Note 29e)	**24,003**	-
Non-current		
Advance to subsidiary - non-trade (Note 29e)	**8,571**	28,214

As at 30 June 2013, advances to subsidiaries amounted to AU$ 32.6 million (2012: AU$ 28.2 million), which bear interest at 5.0% (2012: 5.0%) per annum. The Company expects to receive AU$24 million from Ausgroup Singapore Pte Ltd within the next twelve months. There are no other advances (2012: Nil) which will be required to be repaid within the next twelve months. Advances to subsidiaries have fixed repayments terms when these subsidiaries are in a position to repay the advances.

10 Other assets

	Group		Company	
	2013	2012	**2013**	2012
	AU$'000	AU$'000	**AU$'000**	AU$'000
Current				
Interest in joint venture	**1,012**	1,242	**-**	-
Non-current				
Investment in subsidiaries	**-**	-	**37,438**	26,736

(a) Interest in joint venture

AGC Industries Pty Ltd ("AGCI"), a wholly owned subsidiary of the Group, entered into a contractual agreement with Kiewit Australia ("Kiewit") to form a joint venture known as the Kiewit and AGC Industries ("KAGC") JV during the 2012 financial year. AGCI has a 25% interest in the KAGC JV. KAGC JV entered into a joint venture arrangement with AMEC Minproc known as the Cloudbreak Enhancement Project Team ("CEPT") JV with regards to the Cloudbreak construction project.

The KAGC JV is accounted for in the financial statements using the equity method of accounting (refer Note 2(c)). AGCI's costs incurred towards the Cloudbreak project are charged to / reimbursed by the KAGC JV. The joint venture contract has now been completed.

Information relating to the KAGC JV is set out below.

	Group	
	2013	2012
	AU$'000	AU$'000
Interest at cost		
Beginning of financial year	**1,242**	-
Share of profits	**524**	3,927
Distribution of profits	**(754)**	(2,685)
End of financial year	**1,012**	1,242
The Group's interest in the KAGC JV is summarised as follows:		
- Current assets	**1,012**	1,242
- Liabilities	**-**	-
- Revenue	**3,341**	27,379
- Net profit before tax	**524**	3,927

(b) Investment in subsidiaries

	Company	
	2013	2012
	AU$'000	AU$'000
Equity investment at cost		
Beginning of financial year	**26,736**	27,921
Investment at cost*	**7,931**	-
Currency translation movement	**2,771**	(1,185)
End of financial year	**37,438**	26,736

*On 30 May 2013, AGC Australia Pty Ltd increased its issued paid-up share capital from AU$3.15 million to AU$10.8 million by the allotment of 7,609,852 ordinary shares at an issue price of AU$1.00 per share. The investment was funded through internal resources.

Name of entity	**Principal activity**	**Country of incorporation**	**Equity holding**	
			2013 %	2012 %
AGL (Asia) Pte. Ltd [5]	Dormant	Singapore	**100**	100
AusGroup Singapore Pte. Ltd [6]	Engineering and service	Singapore	**100**	100
Modern Access Services Singapore Pte. Ltd [6]	Engineering and service	Singapore	**100**	100
Cactus Oil & Gas Sdn Bhd	Dormant	Malaysia	**100**	100
AGC Australia Pty Ltd [2]	Investment holding / property	Australia	**100**	100
AGC Industries Pty Ltd [2]	Engineering and service	Australia	**100**	100
Seagate Structural Engineering Pty Ltd [2]	Property	Australia	**100**	100
MAS Australasia Pty Ltd [2]	Engineering and service	Australia	**100**	100
AusGroup Corporation Co., Ltd [2] [3]	Engineering and service	Thailand	**100**	100
Modern Industries (Thailand) Co. Ltd [1]	Dormant	Thailand	**-**	100
Modern Access Services (Thailand) Co. Ltd [1]	Dormant	Thailand	**-**	100
Resource People Pty Ltd [2] [4]	Labour supply	Australia	**100**	50

[1] Dissolved 26 April 2013

[2] Audited by another member firm of PricewaterhouseCoopers of which PricewaterhouseCoopers LLP, Singapore is a member

[3] Under the terms of management agreement, the Group has 100% control of the financial management and operations

[4] Prior year recognised as an associated company (refer note 10(c)). The Group acquired the remaining 50% in July 2012 for AU$1.00. No further disclosure is made due to the immaterial nature of the amounts associated with this staged business combination

[5] Final meeting of members held on 13 August 2013. Company will be dissolved on 13 November 2013

[6] Audited by PricewaterhouseCoopers LLP, Singapore

(c) Investment in associated company

	Group	
	2013	2012
	AU$'000	AU$'000
Equity investment at cost	-	22
Share of loss of associate company:		
Beginning of financial year	-	(3)
Current year movement	-	(19)
End of financial year	-	(22)
Net investment in associated company	-	-

The summarised financial information of the associated company is as follows:

- Current assets	-	1,680
- Liabilities	-	(1,681)
- Revenue	-	15,965
- Net loss before tax	-	(40)

Disclosed under investment in subsidiaries (refer note 10b) in the current year.

11 Assets classified as held for sale

	Group	
	2013	2012
	AU$'000	AU$'000
Leasehold land and buildings held for sale	**18,397**	-

Prior to year end, the Company's wholly-owned subsidiary Ausgroup Singapore Pte Ltd entered into a memorandum of understanding for a sale and leaseback for its Singapore fabrication facilities. These facilities are located in a secure area of approximately 30,000 square metres, which consists of a large enclosed fabrication facility, machine shop and staging areas. The Group intends to deploy the net sale proceeds from the proposed sale towards the reduction of bank borrowings, to facilitate other corporate funding requirements and for general working capital requirements. (Refer note 34 for additional disclosure).

Location	Description	Approximate site area (sqm)	Built up area (sqm)
36 Tuas Road, Singapore 638505 (Lot No. 2772C)	Office, fabrication and machining facilities	29,893	11,470

The Group has pledged leasehold land and buildings having a carrying amount of approximately AU$18.4 million (2012: recognised under property, plant and equipment - refer note 12) to secure banking facilities granted to the Group.

12 Property, plant and equipment

Group	Freehold land AU$'000	Freehold buildings AU$'000	Leasehold land and buildings AU$'000	Plant and equipment AU$'000	Total AU$'000
2013					
Cost					
Beginning of financial year	3,828	7,074	19,088	119,827	**149,817**
Additions	-	777	160	9,127	**10,064**
Disposals	-	-	(22)	(5,141)	**(5,163)**
Reclassified as held for sale	-	-	(20,597)	-	**(20,597)**
Currency translation differences	-	-	1,929	3,136	**5,065**
End of financial year	3,828	7,851	558	126,949	**139,186**
Accumulated depreciation					
Beginning of financial year	-	873	1,684	51,436	**53,993**
Depreciation charge	-	183	493	12,172	**12,848**
Disposals	-	-	(22)	(2,717)	**(2,739)**
Reclassified as held for sale	-	-	(2,200)	-	**(2,200)**
Currency translation differences	-	-	355	943	**1,298**
End of financial year	-	1,056	310	61,834	**63,200**
Carrying value at 30 June 2013	**3,828**	**6,795**	**248**	**65,115**	**75,986**
2012					
Cost					
Beginning of financial year	1,380	7,074	19,513	115,140	143,107
Additions	2,448	-	383	7,360	10,191
Disposals	-	-	(808)	(3,322)	(4,130)
Currency translation differences	-	-	-	649	649
End of financial year	3,828	7,074	19,088	119,827	149,817
Accumulated depreciation					
Beginning of financial year	-	697	1,410	39,290	41,397
Depreciation charge	-	176	457	13,544	14,177
Disposals	-	-	(183)	(1,534)	(1,717)
Currency translation differences	-	-	-	136	136
End of financial year	-	873	1,684	51,436	53,993
Carrying value at 30 June 2012	3,828	6,201	17,404	68,391	95,824

(a) There was no plant and equipment under finance lease acquired for the Group during the financial year (2012: $Nil).

(b) The carrying amounts of plant and equipment held under finance leases as at 30 June 2013 amounted to AU$0.02 million (2012: AU$0.1 million) for the Group.

(c) The Group has pledged freehold land and buildings, leasehold buildings and certain plant and equipment, having a carrying amount of approximately AU$76.0 million (2012: AU$95.7 million) to secure banking facilities granted to the Group.

(d) The Group's freehold land and buildings comprise:

Location	Description	Approximate site area (sqm)	Built up area (sqm)
15 Beach Street, Kwinana, Western Australia	Office and fabrication facilities	31,258	14,587
Lots 17 & 18 Gap Ridge, Industrial Estate, Karratha, Western Australia	To be developed for office buildings and scaffolding storage	13,008	-

(e) The Group's leasehold land and buildings comprise mainly of:

Location	Description	Approximate site area (sqm)	Built up area (sqm)
36 Tuas Road, Singapore 638505 (Lot No. 2643T)	Waterfront access and ship loading area	6,188	-

13 Goodwill

	Group	
	2013	2012
	AU$'000	AU$'000
Cost		
Beginning of financial year	**15,971**	16,150
Write-off	**-**	(7,471)
Acquisition of business	**-**	4,345
Change in value of contingent consideration	**-**	2,947
Exchange difference	**450**	-
End of financial year	**16,421**	15,971
Accumulated impairment		
Beginning of financial year	**-**	7,471
Write-off	**-**	(7,471)
End of financial year	**-**	-
Carrying value	**16,421**	15,971

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	Group	
	2013	2012
	AU$'000	AU$'000
Integrated services - Scaffolding	**9,859**	9,859
Integrated services - Painting and insulation	**528**	528
Fabrication and manufacturing - Singapore	**4,795**	4,345
Fabrication and manufacturing - Australia	**632**	632
Major projects	**607**	607
	16,421	15,971

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and direct costs during the periods. Management estimates pre-tax discount rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs.

For the year ended 30 June 2013 there was no impairment charge (2012: Nil) of any of the Group's CGU's.

The key assumptions used in the value-in-use models for the CGU's with material goodwill are as follows:

	Fabrication and manufacturing - Singapore	Integrated services - Scaffolding
2013		
Growth rate	**3.0%**	**3.0%**
Discount rate	**12.8%**	**18.3%**
2012		
Growth rate	3.0%	3.0%
Discount rate	13.5%	18.0%

The weighted average growth rates used are to extrapolate cash flows beyond the budget period and are consistent with the forecasts included in the industry reports. The discount rates applied to cash flow projections are pre-tax and reflect specific risks relating to the relevant CGU's. The growth rate did not exceed the long term average growth rate for the segment in which the CGU operates. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years.

The following sensitivity analyses were performed on the Integrated services - Scaffolding CGU's key assumptions:

- if the revenue growth has been 10% lower than management estimates
- if the budgeted gross margin had been 10% lower than management's estimates
- if the estimated cost of capital used in determining the pre-tax discount rate had been 1% higher than management's estimates

The following sensitivity analyses were performed on the Fabrication and manufacturing - Singapore CGU's key assumptions:

- if the growth rate has been 1% lower than management estimates
- if the budgeted net margin had been 3% lower than management estimates
- if the estimated cost of capital used in determining the pre-tax discount rate had been 1% higher than management's estimates

None of the above analyses would have created an impairment charge.

14 Intangible assets

Group	Internally developed software and software licences AU$'000	Customer contracts, relationships, management skills and technical knowledge acquired via business combinations AU$'000	Other intangible assets AU$'000	Total AU$'000
2013 Cost				
Beginning of financial year	6,236	5,133	1,164	**12,533**
Additions	5,225	-	-	**5,225**
Currency translation differences	-	128	-	**128**
End of financial year	11,461	5,261	1,164	**17,886**
Accumulated amortisation				
Beginning of financial year	(248)	(3,821)	(380)	**(4,449)**
Amortisation charge	(1,632)	(703)	(235)	**(2,570)**
End of financial year	(1,880)	(4,524)	(615)	**(7,019)**
Carrying value at 30 June 2013	**9,581**	**737**	**549**	**10,867**
2012 Cost				
Beginning of financial year	973	4,134	1,140	6,247
Additions	5,263	999	24	6,286
End of financial year	6,236	5,133	1,164	12,533
Accumulated amortisation				
Beginning of financial year	-	(3,201)	(149)	(3,350)
Amortisation charge	(248)	(620)	(231)	(1,099)
End of financial year	(248)	(3,821)	(380)	(4,449)
Carrying value at 30 June 2012	5,988	1,312	784	8,084

15 Deferred income tax assets / (liabilities)

	Group	
	2013	2012
	AU$'000	AU$'000
Deferred income tax assets:		
- to be recovered after 12 months	**1,661**	2,475
Deferred income tax liabilities:		
- to be settled after 12 months	**(2,406)**	(1,267)
Net deferred income tax (liabilities) / assets	**(745)**	1,208

The movement in the net deferred income tax (liabilities) / assets is as follows:

Beginning of financial year	**1,208**	2,633
(Charged) / credited to profit or loss		
- current year	**(2,646)**	(625)
- rights to future income adjustment	**-**	(498)
- over / (under) provision of prior year	**762**	(287)
- currency translation differences	**(69)**	(15)
End of financial year	**(745)**	1,208

The movement in the deferred income tax assets / (liabilities) during the financial year is as follows:

	Provisions, accruals, depreciation and capital AU$'000	Tax losses AU$'000	Total AU$'000
Deferred income tax assets			
2013			
Beginning of financial year	2,475	-	**2,475**
(Charged) / credited to profit or loss			
- current year	4,681	-	**4,681**
- under / (over) provision of prior period	762	-	**762**
- set off of deferred tax liabilities pursuant to set-off provisions	(6,257)	-	**(6,257)**
End of financial year	**1,661**	**-**	**1,661**
2012			
Beginning of financial year	2,777	1,322	4,099
(Charged)/credited to profit or loss			
- current year	5,247	(1,060)	4,187
- under / (over) provision of prior period	67	(262)	(195)
- set off of deferred tax liabilities pursuant to set-off provisions	(5,616)	-	(5,616)
End of financial year	2,475	-	2,475

	Depreciation and capital AU$'000
Deferred income tax liabilities	
2013	
Beginning of financial year	**(1,267)**
(Charged)/credited to profit or loss	
- current year	**(7,327)**
- set off of deferred tax liabilities pursuant to set-off provisions	**6,257**
- currency translation differences	**(69)**
End of financial year	**(2,406)**
2012	
Beginning of financial year	(1,466)
(Charged)/credited to profit or loss	
- current year	(5,310)
- under / (over) provision of prior period	(92)
- set off of deferred tax liabilities pursuant to set-off provisions	5,616
- currency translation differences	(15)
End of financial year	(1,267)

16 Trade payables

	Group	
	2013	2012
	AU$'000	AU$'000
Trade payables		
- Third parties	**33,835**	18,741
Construction contracts		
- Due to customers (Note 6b)	**8,692**	4,646
	42,527	23,387

17 Other payables

	Group		Company	
	2013	2012	**2013**	2012
	AU$'000	AU$'000	**AU$'000**	AU$'000
Current				
Accrued expenses	**17,638**	20,774	**1,023**	265
Employee benefit accruals	**16,123**	14,270	**-**	-
Payroll tax and other statutory liabilities	**6,448**	7,685	**-**	-
Contingent consideration regarding acquisition of subsidiary [1]	**-**	3,514	**-**	-
Contingent consideration regarding acquisition of business [2]	**1,252**	565	**-**	-
Other payables	**400**	1,441	**924**	-
	41,861	48,249	**1,947**	265
Non-current				
Employee benefit accruals	**-**	1,223	**-**	-
Contingent consideration regarding acquisition of business [2]	**1,252**	1,964	**-**	-
Other payables	**-**	421	**-**	-
	1,252	3,608	**-**	-

[1] This contingent consideration relates to the earn-out payable by AGC Australia Pty Ltd, a wholly-owned subsidiary of the Company, to the previous shareholders of MAS Australia Pty Ltd ("MAS"), that was acquired in 2009. MAS achieved the earn-out targets for the financial years ended 30 June 2010, 2011 and 2012. AU$0.9 million, AU$3.6 million and AU$3.5 million were paid in September 2010, November 2011 and October 2012 respectively.

[2] Refer to note 32

18 Borrowings

	Group	
	2013	2012
	AU$'000	AU$'000
Current		
Bank overdrafts (note 5)	**2,970**	-
Bank loans	**25,306**	2,750
Obligations under finance leases and hire purchase	**1,734**	1,622
	30,010	4,372
Non-current		
Obligations under finance leases and hire purchase	**-**	1,770
	-	1,770
Total borrowings (Interest bearing)	**30,010**	6,142

(a) Total current and non-current secured liabilities

	Group	
	2013	2012
	AU$'000	AU$'000
Bank overdrafts	**2,970**	-
Bank loans	**25,306**	2,750
Obligation under finance leases and hire purchase	**1,734**	3,392
	30,010	6,142

(b) Assets pledged as security

The carrying amounts of the Group's assets pledged as security for:

	Group	
	2013	2012
	AU$'000	AU$'000
Bank facilities	**298,323**	274,173
Finance leases and hire purchase	**1,624**	2,739
	299,947	276,912

(c) Bank loans and overdraft facilities

During the previous financial year the Group concluded an expanded banking agreement ("banking facility") with Australia and New Zealand Banking Group Limited (ANZ) and HSBC Bank Australia Limited (HSBC), who both operate across Australia and Asia. The facility provided the bank guarantee and working capital requirements of the Group through an initial two year facility of AU$102 million. The banking facility is available until January 2014. The Group is currently in the process of renewing these facilities.

During the current financial year the Group concluded a further $9.2 million in bank loans. These loans are repayable as follows:

- $5.0 million on 31 July 2013
- $4.2 million on 30 September 2013.

(i) Banking facilities

Charges provided by the Company to:

ANZ Fiduciary Services Pty Ltd
First registered fixed and floating charge over all the present and future undertakings, asset rights of AusGroup Limited including real and personal property, goodwill, uncalled and called but unpaid capital.

Mortgages and charges provided by subsidiary companies to:

ANZ Fiduciary Services Pty Ltd
First registered fixed and floating charges over all the present and future undertakings, asset rights of AGC Australia Pty Ltd, AGC Industries Pty Ltd, MAS Australasia Pty Ltd, Modern Access Services Singapore Pte Ltd and Seagate Structural Engineering Pty Ltd 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 by Seagate Structural Engineering Pty Ltd over the property located at Lots 17 and 18 Gap Ridge Industrial Estate Karratha WA.

Fixed and floating charge over all of the present and future undertakings, asset rights of AusGroup Singapore Pte Ltd including real and personal property, goodwill, uncalled and called but unpaid capital.

First open legal mortgage of AusGroup Singapore Pte Ltd over the whole of Lot 2772C of Mukim 7 together with all buildings and structures erected thereon and known as 36 Tuas Road, Singapore 638505.

Deed of mortgage of contractual rights and fixed charge over the Karara Mining Limited receivables.

St George Bank
A first fixed charge over certain machinery, equipment and vehicles on hire purchases provided by the bank.

Banking covenants
The Group is required by the banks to maintain certain financial ratios such as gearing ratio, fixed charge cover and leverage ratio. As at 30 June 2013 the Group met all of these financial covenants. As at 30 June 2013, the Group has drawn down AU$28.3 million of the bank loan and overdraft facilities, as well as bank guarantees issued to customers of AU$55.1 million.

(ii) Loan and overdraft interest

The bank loans of AU$15 million (limited to Australia only) carried interest rates at 5.46% per annum as at 30 June 2013. The Group had a bank overdraft of AU$3.0 million as at 30 June 2013. Under this banking facility the average interest rates for the year for loans were 5.46% (2012 : 6.42%) per annum and for overdrafts 7.11% (2012 : 7.90%) per annum, and due for renewal on 20 January 2014.

(iii) Bank loans and overdrafts are due as follows:

	Group	
	2013	2012
	AU$'000	AU$'000
Within one year	**28,276**	2,750

(d) Obligations under finance leases and hire purchase

	Group			
	Minimum Lease Payments 2013 AU$'000	**Present value of Minimum Lease Payments 2013 AU$'000**	Minimum Lease Payments 2012 AU$'000	Present value of Minimum Lease Payments 2012 AU$'000
Within one year	**1,790**	**1,734**	1,745	1,622
Between two and five years	**-**	**-**	1,815	1,770
	1,790	**1,734**	3,560	3,392
Future finance charges	**(56)**	**-**	(168)	-
Amount due for settlement	**1,734**	**1,734**	3,392	3,392

It is the Group's policy to lease certain of its plant and equipment under finance leases. For the financial year ended 30 June 2013, the average effective interest rate was 8.1% (2012: 8.1%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the Group's lease obligations approximate their carrying amounts. The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

19 Accruals for other liabilities and charges

	Group	
	2013	2012
	AU$'000	AU$'000
Current		
Annual leave	**7,391**	11,790
Redundancy fund/rostered day off/sick leave	**3,964**	11,450
Long service leave	**995**	1,040
Fringe benefit tax refundable	**(44)**	(81)
	12,306	24,199
Non-current		
Long service leave	**1,449**	1,402

20 Share capital

	Group and Company	
	2013	2012
	AU$'000	AU$'000
Ordinary shares issued and fully paid:		
Beginning of financial year	**64,170**	61,941
Shares issued for business acquisition	**-**	1,933
Shares issued for cash net of transaction costs	**139**	296
End of financial year	**64,309**	64,170

Ordinary shares have no par value. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share at meetings of the Company. The newly issued shares rank pari passu in all respects with the previously issued shares.

	Group and Company	
	2013	2012
Number of issued shares:		
Beginning of financial year	**480,306,136**	470,096,979
Issuance of shares for business acquisition	**-**	8,499,157
Exercise of share options	**550,000**	1,710,000
End of financial year	**480,856,136**	480,306,136

21 Other reserves

	Group		Company	
	2013	2012	**2013**	2012
	AU$'000	AU$'000	**AU$'000**	AU$'000
Other reserves:				
Capital reserve	**(163)**	-	**(163)**	-
Share based payment reserve	**1,052**	3,337	**1,052**	3,337
Foreign currency translation reserve	**3,852**	(2,159)	**5,018**	(1,631)
	4,741	1,178	**5,907**	1,706
Movements:				
Capital reserve:				
Beginning of the financial year	**-**	-	**-**	-
Difference between the purchase and transfer of treasury shares	**(163)**	-	**(163)**	-
End of financial year	**(163)**	-	**(163)**	-
Share based payment reserve:				
Beginning of financial year	**3,337**	2,642	**3,337**	2,642
Option expense net of options exercised	**109**	158	**109**	158
Vested share rights settled through transfer of treasury shares	**(1,538)**	-	**(1,538)**	-
Share scheme (expense reversal) / expense	**(856)**	537	**(856)**	537
End of financial year	**1,052**	3,337	**1,052**	3,337
Foreign currency translation reserve:				
Beginning of financial year	**(2,159)**	(3,108)	**(1,631)**	(927)
Net currency translation difference of financial statements of foreign subsidiaries	**6,011**	949	**6,649**	(704)
End of financial year	**3,852**	(2,159)	**5,018**	(1,631)

Share based payment reserve

(a) Share options

Share options were granted to non-executive directors, key management and employees under the AusGroup Share Option Scheme ("ASOS") which became operative on 15 October 2010.

Since the commencement of the ASOS, no options were granted at a discount to the market price. The options which were granted are exercisable after the first anniversary of the date of grant, but only once they have vested.

Once the options have vested, they are exercisable for a contractual option term of 5 years from the date at which the ASOS became operative. The options may be exercised in full or in part, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Prior to the commencement of the ASOS, share options were granted to key management and employees under the AusGroup Employee Share Option Scheme ("ESOS") which became operative on 23 July 2007, and was superseded by the ASOS.

During the period the ESOS was in operation, no options were granted at a discount to the market price. The options which were granted are exercisable up to a maximum of 33% during the period commencing after the first anniversary of the date of grant, up to a maximum of 66% during the period commencing after the second anniversary of the date of grant and up to a maximum of 100% during the period commencing after the third anniversary of the date of grant, and in case of options granted to non-executive directors, before the fifth anniversary of the date of grant and in the case of options granted to other than non-executive directors, before the tenth anniversary of the date of grant.

The options may be exercised in full or in part, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of unissued ordinary shares under option and their exercise prices are as follows:

Group and Company	No. of ordinary shares under option					Exercise price	Exercise period
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Exercised during financial year	End of financial year		
2013							
2012 Options (ASOS)	-	700,000	-	-	**700,000**	S$0.42	25.09.2013 to 15.10.2015
2012 Options (ASOS)	400,000	-	-	-	**400,000**	S$0.41	20.02.2013 to 15.10.2015
2011 Options (ASOS)	2,475,000	-	(1,100,000)	(550,000)	**825,000**	S$0.325	30.11.2012 to 15.10.2015
2009 Option 2 (ESOS)	121,000	-	-	-	**121,000**	S$0.16	25.02.2010 to 24.02.2019
2009 Options 1 (ESOS)	550,000	-	-	-	**550,000**	S$0.22	13.10.2009 to 12.10.2018
2008 Options (ESOS)	819,000	-	(257,000)	-	**562,000**	S$1.64	24.08.2008 to 23.08.2017
	4,365,000	**700,000**	**(1,357,000)**	**(550,000)**	**3,158,000**		
Weighted average exercise price (S$)	0.56	0.42	0.57	0.325	0.57		
2012							
2012 Options (ASOS)	-	400,000	-	-	400,000	S$0.41	20.02.2013 to 15.10.2015
2011 Options (ASOS)	-	2,475,000	-	-	2,475,000	S$0.325	30.11.2012 to 15.10.2015
2009 Option 2 (ESOS)	121,000	-	-	-	121,000	S$0.16	25.02.2010 to 24.02.2019
2009 Options 1 (ESOS)	2,260,000	-	-	(1,710,000)	550,000	S$0.22	13.10.2009 to 12.10.2018
2008 Options (ESOS)	922,000	-	(103,000)	-	819,000	S$1.64	24.08.2008 to 23.08.2017
	3,303,000	2,875,000	(103,000)	(1,710,000)	4,365,000		
Weighted average exercise price (S$)	0.61	0.34	1.64	0.22	0.56		

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2013 was S$0.625 (2012: S$0.35).

Out of the outstanding options at 30 June 2013 of 3,158,000 (2012: 4,365,000) shares, 2,458,000 have vested and are exercisable at the balance sheet date.

The fair value of options granted on 24 August 2007, determined using the Binomial Valuation Model, was S$0.7393. The significant inputs into the model were share price of S$1.64 at the grant date, exercise price of S$1.64, volatility of expected share price returns of 60.5%, the option life shown above and annual risk-free interest rate of 5.93%. The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the last three years.

The fair value of options granted on 13 October 2008, determined using the Binomial Valuation Model, was S$0.0955. The significant inputs into the model were share price of S$0.22 at the grant date, exercise price of S$0.22, volatility of expected share price returns of 60.5%, the option life shown above and annual risk-free interest rate of 4.65%. The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the last three years.

The fair value of options granted on 25 February 2009, determined using the Binomial Valuation Model, was S$0.0955. The significant inputs into the model were share price of S$0.16 at the grant date, exercise price of S$0.16, volatility of expected share price returns of 60.5%, the option life shown above and annual risk-free interest rate of 4.65%. The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the last three years.

The fair value of options granted on 30 November 2011, determined using the Binomial Valuation Model, was S$0.11. The significant inputs into the model were share price of S$0.31 at the grant date, exercise price of S$0.325, volatility of expected share price returns of 60%, the option life shown above and annual risk-free interest rate of 0.39%. The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the last three years.

The fair value of options granted on 20 February 2012, determined using the Binomial Valuation Model, was S$0.15. The significant inputs into the model were share price of S$0.41 at the grant date, exercise price of S$0.41, volatility of expected share price returns of 60%, the option life shown above and annual risk-free interest rate of 0.36%. The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the last three years.

The fair value of options granted on 25 September 2012, determined using the Binomial Valuation Model, was S$0.16. The significant inputs into the model were share price of S$0.50 at the grant date, exercise price of S$0.42, volatility of expected share price returns of 50%, the option life shown above and annual risk-free interest rate of 0.17%. The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the last three years.

(b) Share scheme

The AusGroup Share Scheme 2010 ("the ASS") for employees of the Group (including any executive director) and/or a subsidiary was approved by shareholders and adopted on 15 October 2010. The ASS is a long term performance incentive scheme which forms an integral part of the Group's incentive compensation program.

The vesting of shares under the scheme is based on the Group meeting certain prescribed earnings per share ("EPS") and/or comparative total shareholder return ("TSR") conditions. Meeting the EPS target allows an employee to a maximum of 60% of the total amount of shares applicable to that period and meeting the TSR target allows for a maximum of 40% of the total amount of shares applicable to that period. Employees become eligible to enter the ASS after the completion of 3 years' service with the company at 30 June of a particular financial year or at the discretion of the board. Once an employee is invited to and accepts the offer under the ASS the employee will only vest in shares under the ASS if the Group meets the prescribed EPS and/or TSR conditions within 5 years of that employee entering the ASS. Some employees met the service condition for entering the ASS in 2008, 2009, 2010, 2011 and 2012. The scheme allows for the vesting of the shares to be cumulative within the 5 year window, should at any point within the 5 years the Group meet the EPS and/or TSR targets the employee is entitled to the cumulative amount of the shares applicable to the element for that particular financial year.

The following table sets out the maximum amount that may vest in any one year to an employee based on when they became eligible to join the ASS:

3 years' service completed as at 30 June	**Percentage of number of shares vested on 1 July should all EPS and TSR targets be met**								
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
2008	0%	10%	30%	60%	100%				
2009		0%	10%	30%	60%	100%			
2010			0%	10%	30%	60%	100%		
2011				0%	10%	30%	60%	100%	
2012					0%	10%	30%	60%	100%

The fair value of rights granted on 25 July 2012, determined using the Binomial Valuation Model and a Monte-Carlo simulation, is set out below:

Fair value of performance rights with EPS hurdles:

Tranche	**Performance period**	**Retesting dates**	**First vesting date**	**Fair value SGD**
2012 Tranche 1	1 July 2012 to 30 June 2014	30 June 2015, 30 June 2016 & 30 June 2017	30 June 2014	$0.33
2012 Tranche 2	1 July 2012 to 30 June 2015	30 June 2016 & 30 June 2017	30 June 2015	$0.33
2012 Tranche 3	1 July 2012 to 30 June 2016	30 June 2017	30 June 2016	$0.32
2012 Tranche 4	1 July 2012 to 30 June 2017	Not applicable	30 June 2017	$0.32

Fair value of performance rights with TSR hurdles:

Tranche	Performance period	Retesting dates	First vesting date	Fair value SGD
2012 Tranche 1	1 July 2012 to 30 June 2014	30 June 2015, 30 June 2016 & 30 June 2017	30 June 2014	$0.27
2012 Tranche 2	1 July 2012 to 30 June 2015	30 June 2016 & 30 June 2017	30 June 2015	$0.25
2012 Tranche 3	1 July 2012 to 30 June 2016	30 June 2017	30 June 2016	$0.24
2012 Tranche 4	1 July 2012 to 30 June 2017	Not applicable	30 June 2017	$0.22

The significant inputs into the model were share price of S$0.35 at the grant date, volatility of expected share price returns of 50%, the right life shown above, dividend yield of 1.8% and annual risk-free interest rate of between 0.12% to 0.50%. The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the last three years.

The fair value of rights granted on 30 November 2011, determined using the Binomial Valuation Model and a Monte-Carlo simulation, is set out below:

Fair value of performance rights with EPS hurdles:

Tranche	Performance period	Retesting dates	First vesting date	Fair value SGD
2011 Tranche 1	1 July 2010 to 30 June 2013	30 June 2014, 30 June 2015 & 30 June 2016	30 June 2013	$0.30
2011 Tranche 2	1 July 2010 to 30 June 2014	30 June 2015 & 30 June 2016	30 June 2014	$0.30
2011 Tranche 3	1 July 2010 to 30 June 2015	30 June 2016	30 June 2015	$0.29
2011 Tranche 4	1 July 2010 to 30 June 2016	Not applicable	30 June 2016	$0.29

Fair value of performance rights with TSR hurdles:

Tranche	Performance period	Retesting dates	First vesting date	Fair value SGD
2011 Tranche 1	1 July 2010 to 30 June 2013	30 June 2014, 30 June 2015 & 30 June 2016	30 June 2013	$0.24
2011 Tranche 2	1 July 2010 to 30 June 2014	30 June 2015 & 30 June 2016	30 June 2014	$0.23
2011 Tranche 3	1 July 2010 to 30 June 2015	30 June 2016	30 June 2015	$0.21
2011 Tranche 4	1 July 2010 to 30 June 2016	Not applicable	30 June 2016	$0.19

The significant inputs into the model were share price of S$0.31 at the grant date, volatility of expected share price returns of 60%, the right life shown above, dividend yield of 1.8% and annual risk-free interest rate of between 0.25% to 0.67%. The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the last three years.

The fair value of rights granted on 17 December 2010, determined using the Binomial Valuation Model and a Monte-Carlo simulation, is set out below:

Fair value of performance rights with EPS hurdles:

Tranche	Performance period	Retesting dates	First vesting date	Fair value SGD
2008 Tranche 1	1 July 2008 to 30 June 2010	30 June 2011, 30 June 2012 & 30 June 2013	30 June 2010	$0.43
2008 Tranche 2	1 July 2008 to 30 June 2011	30 June 2012 & 30 June 2013	30 June 2011	$0.43
2008 Tranche 3	1 July 2008 to 30 June 2012	30 June 2013	30 June 2012	$0.42
2008 Tranche 4	1 July 2008 to 30 June 2013	Not applicable	30 June 2013	$0.42
2009 Tranche 1	1 July 2009 to 30 June 2011	30 June 2012, 30 June 2013 & 30 June 2014	30 June 2011	$0.43
2009 Tranche 2	1 July 2009 to 30 June 2012	30 June 2013 & 30 June 2014	30 June 2012	$0.42
2009 Tranche 3	1 July 2009 to 30 June 2013	30 June 2014	30 June 2013	$0.42
2009 Tranche 4	1 July 2009 to 30 June 2014	Not applicable	30 June 2014	$0.41
2010 Tranche 1	1 July 2010 to 30 June 2012	30 June 2013, 30 June 2014 & 30 June 2015	30 June 2012	$0.42
2010 Tranche 2	1 July 2010 to 30 June 2013	30 June 2014 & 30 June 2015	30 June 2013	$0.42
2010 Tranche 3	1 July 2010 to 30 June 2014	30 June 2015	30 June 2014	$0.41
2010 Tranche 4	1 July 2010 to 30 June 2015	Not applicable	30 June 2015	$0.40

Fair value of performance rights with TSR hurdles:

Tranche	Performance period	Retesting dates	First vesting date	Fair value SGD
2008 Tranche 1	1 July 2008 to 30 June 2010	30 June 2011, 30 June 2012 & 30 June 2013	30 June 2010	$0.08
2008 Tranche 2	1 July 2008 to 30 June 2011	30 June 2012 & 30 June 2013	30 June 2011	$0.08
2008 Tranche 3	1 July 2008 to 30 June 2012	30 June 2013	30 June 2012	$0.08
2008 Tranche 4	1 July 2008 to 30 June 2013	Not applicable	30 June 2013	$0.07
2009 Tranche 1	1 July 2009 to 30 June 2011	30 June 2012, 30 June 2013 & 30 June 2014	30 June 2011	$0.09
2009 Tranche 2	1 July 2009 to 30 June 2012	30 June 2013 & 30 June 2014	30 June 2012	$0.09
2009 Tranche 3	1 July 2009 to 30 June 2013	30 June 2014	30 June 2013	$0.09
2009 Tranche 4	1 July 2009 to 30 June 2014	Not applicable	30 June 2014	$0.08
2010 Tranche 1	1 July 2010 to 30 June 2012	30 June 2013, 30 June 2014 & 30 June 2015	30 June 2012	$0.21
2010 Tranche 2	1 July 2010 to 30 June 2013	30 June 2014 & 30 June 2015	30 June 2013	$0.20
2010 Tranche 3	1 July 2010 to 30 June 2014	30 June 2015	30 June 2014	$0.19
2010 Tranche 4	1 July 2010 to 30 June 2015	Not applicable	30 June 2015	$0.16

The significant inputs into the model were share price of S$0.43 at the grant date, volatility of expected share price returns of 40%, the right life shown above, dividend yield of 1.6% and annual risk-free interest rate of between 0.37% to 1.35%. The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the last three years.

	No. of ordinary shares under rights				
Group and Company	**Beginning of financial year**	**Granted during financial year**	**Forfeited during financial year**	**Vested during financial year**	**End of financial year**
2013					
2008 rights (ASS)	8,562,500	-	(2,224,446)	(3,900,204)	**2,437,850**
2009 rights (ASS)	160,000	-	(8,246)	(45,828)	**105,926**
2010 rights (ASS)	350,000	-	(101,960)	(28,140)	**219,900**
2011 rights (ASS)	2,302,500	-	(225,000)	-	**2,077,500**
2012 rights (ASS)	-	2,340,000	(550,000)	-	**1,790,000**
	11,375,000	**2,340,000**	**(3,109,652)**	**(3,974,172)**	**6,631,176**
2012					
2008 rights (ASS)	12,245,000	-	(3,682,000)	-	8,562,500
2009 rights (ASS)	169,000	-	(9,000)	-	160,000
2010 rights (ASS)	420,000	-	(70,000)	-	350,000
2011 rights (ASS)	-	2,345,000	(42,500)	-	2,302,500
	12,834,000	2,345,000	(3,804,000)	-	11,375,000

The number of unissued ordinary shares of the company in relation to the scheme outstanding at the end of the financial year was 6,631,176 (30 June 2012: 11,375,000).

The Group met the relevant TSR targets for the financial year ended 30 June 2013 and 1,320,339 shares rights qualified for the issuing of ordinary shares under the ASS subsequent to year end. On 1 July 2013, 1,240,153 of the 2008 share rights have lapsed.

22 Revenue from operations

	Group	
	2013	2012
	AU$'000	AU$'000
Contract revenue	**538,903**	583,607
Sale of goods	**40,073**	27,212
Hire revenue	**3,730**	21,214
	582,706	632,033

23 Other operating income

	Group 2013 AU$'000	2012 AU$'000
Interest income	**616**	420
Profit on sale of property, plant and equipment	**2,249**	1,361
Operating lease income	**-**	471
Net foreign exchange income / (losses)	**19**	(79)
Other income	**1,061**	289
	3,945	2,462

24 Expenses by nature

	Group 2013 AU$'000	2012 AU$'000
Profit from operations has been determined after charging:		
Included in cost of sales:		
- Materials	**31,338**	37,084
- Subcontract works	**96,901**	60,625
Depreciation of property, plant and equipment:		
- Included in cost of sales	**11,563**	13,151
- Included in administrative expenses	**1,285**	1,026
	12,848	14,177
Amortisation of intangible assets:		
- included in cost of sales	**1,018**	1,099
- included in administrative expenses	**1,552**	-
	2,570	1,099
Cost of inventories sold	**32,284**	22,229
Employee compensation (note 28)	**383,674**	403,872
Operating lease payments	**6,515**	4,737
Audit fees:		
- Auditor of the Company	**134**	109
- Other auditors*	**468**	437
Non-audit fees:		
- Auditor of the Company	**9**	18
- Other auditors*	**133**	61

** Includes the network of member firms of PricewaterhouseCoopers International Limited.*

25 Finance costs

	Group 2013 AU$'000	2012 AU$'000
Interest expense and bank fees on:		
Bank loans	**3,215**	1,685
Bank guarantee fees	**286**	723
Finance leases and hire purchase	**194**	270
Hedging costs	**27**	505
Unwinding of earn-out payable	**260**	212
	3,982	3,395

26 Income tax expense

	Group 2013 AU$'000	2012 AU$'000
Profit before taxation	**14,285**	35,508
Reconciliation:		
Tax calculated at domestic tax rates applicable to profits in the respective countries	**3,983**	10,600
Tax effect of non-deductible items	**808**	392
Non-assessable sundry income	**(325)**	(211)
Tax credits	**(306)**	(116)
Rights to future income - deferred tax asset reversed*	**-**	498
Rights to future income - current year tax adjustment*	**-**	745
Under / (over) provision of tax in prior years		
- current tax expense	**1,178**	-
- deferred tax expense	**(762)**	287
Taxation expense	**4,576**	12,195
Major components of taxation		
Current tax expense	**1,445**	10,025
Deferred tax expense		
- origination and reversal of temporary difference	**2,715**	1,138
Under / (over) provision of tax in prior years		
- current tax expense	**1,178**	745
- deferred tax expense	**(762)**	287
	4,576	12,195

**Due to a retrospective change in tax legislation in terms of rights to future income.*

27 Earnings per share

The calculation of basic earnings per ordinary share is based on the Group's net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares outstanding during the financial year as follows:

	2013 Number of shares	2012 Number of shares
Issued and paid-up ordinary shares as at 30 June	**480,856,136**	480,306,136
	AU$'000	AU$'000
Profit attributable to equity holders of the Company	**9,709**	23,313
(a) Basic earnings per share	**Number of shares**	Number of shares
Weighted average number of ordinary shares on issue	**480,516,341**	474,175,712
	Cents	Cents
Basic earnings per share (AU$ cents per share)	**2.0**	4.9

(b) Diluted earnings per share	Group 2013 Number of shares	2012 Number of shares
Weighted average number of ordinary shares on issue	**480,516,341**	474,175,712
Adjustments for share options and share rights	**7,328,825**	13,729,860
Fully diluted number of ordinary shares	**487,845,166**	487,905,572
	Cents	Cents
Diluted earnings per share (AU$ cents per share)	**2.0**	4.8

28 Employee compensation

	Group 2013 AU$'000	2012 AU$'000
Salaries and other short-term employee benefits	**333,358**	366,098
Employer's contribution to defined contribution plans including superannuation and Central Provident Fund	**17,277**	15,538
Employee share option scheme expense	**109**	158
Employee share scheme (expense reversal) / expense	**(856)**	537
Termination benefits	**33,786**	21,541
	383,674	403,872

29 Related party transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Group's transactions and arrangements were with related parties and the effect of those, on the basis determined between the parties, is reflected in the consolidated financial statements.

(a) Sale of services

	Group 2013 AU$'000	2012 AU$'000
Sale of services to the KAGC JV - a joint venture interest of the Group*	**4,774**	39,101

* Comparative information was based on the best available information and has been restated to reflect the actual final results of the joint venture.

(b) Purchases of goods and services

	Group 2013 AU$'000	2012 AU$'000
Purchases of material from Australasian Insulation Pty Ltd ("AIS") an entity related to a director of the Company, Barry Alfred Carson	**166**	704
Purchase of services from Murcia Pestell Hillard Pty Ltd ("MPH"), Digrevni Investment Pty Ltd and Artemis Corporate Pty Ltd ("Artemis") entities related to a director of the Company, Grant Anthony Pestell	**548**	-
Purchases of services from Resource People Pty Ltd* an associated company of the Group	**-**	15,965
	714	16,669

* Resource People Pty Ltd has since July 2012 been a wholly-owned subsidiary of the Group.

(c) Key management personnel

	Group 2013 AU$'000	2012 AU$'000
Salaries and other short-term employee benefits	**4,984**	4,395
Employer's contribution to defined contribution plans including superannuation and Central Provident Fund	**183**	231
Employee share option scheme expense	**233**	268
	5,400	4,894

Included in the above is total compensation to executive directors and non-executive directors of the Company of AU$1.5 million (2012: AU$ 1.3 million).

(d) Outstanding balances arising from purchases of goods and services in relation to transactions with related parties

	Group 2013 AU$'000	2012 AU$'000
Current payable relating to supply of materials from AIS	**(133)**	(32)
Current payable relating to services received from MPH and Artemis	**(255)**	-
Current payable relating to services received from an associated company*	**-**	(1,087)

* Resource People Pty Ltd has since July 2012 been a wholly-owned subsidiary of the Group.

(e) Advances to subsidiaries

	Group 2013 AU$'000	2012 AU$'000
AusGroup Singapore Pte. Ltd	**24,003**	21,182
Modern Access Services Singapore Pte. Ltd	**8,571**	7,032
	32,574	28,214

30 Commitments and contingent liabilities

(a) Capital commitments

Capital expenditure contracted for at the reporting date (within one year) but not recognised as liabilities is as follows:

	Group 2013 AU$'000	2012 AU$'000
Property, plant and equipment / Intangible assets	**596**	1,308

(b) Operating lease commitments - group as lessee

The Group leases various properties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Group also leases various plant and machinery under cancellable operating lease agreements. The lease expenditure charged to the profit and loss during the financial year is disclosed in Note 24.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

	Group 2013 AU$'000	2012 AU$'000
Within one year	**5,487**	4,869
Later than one year but not later than five years	**16,794**	17,704
Later than five years	**10,757**	21,257
	33,038	43,830

(c) Foreign exchange forward contracts

The Group uses foreign exchange forward contracts for the purpose of hedging against currency fluctuations. The contractual amounts to be paid and contractual exchange rates of the outstanding contracts are as follows:

	Range of contractual rates		Contractual amount	
	2013	2012	**2013**	2012
			AU$'000	AU$'000
To buy AU$ and sell US$	**1.0545**	1.0016	**1,197**	293
To buy AU$ and sell US$	**1.0823**	-	**1,983**	-
To buy US$ and sell AU$	**0.9379**	-	**153**	-
To buy US$ and sell AU$	**0.9333**	-	**448**	-

The fair values of the derivative instruments have not been recognised in the consolidated financial statements as the amounts involved are not material to the Group.

(d) Bank guarantees

Bank guarantees to a total of AU$55.1 million (2012: AU$79.8 million) and surety bonds to a total of AU$2.7 million (2012: AU$16.8 million) have been issued on behalf of the Group by banks to secure contractual performance obligations.

(e) Contingent liability

The Company announced on 3 May 2013 that Karara Mining Limited (a company incorporated in Perth, Western Australia) ("KML"), has provided notice to the Company's wholly-owned subsidiary, AGC Industries Pty Ltd ("AGC"), at KML's Karara Iron Ore Project in Western Australia pursuant to a 2012 contract entered into between AGC and KML for structural, mechanical and piping installation works ("Contract") that KML intends to call on the performance security ("Security") in the amount of AU$8.8 million in the form of bank guarantees issued by financial institutions, which Security was furnished to KML pursuant to the terms of the Contract.

AGC has also received notification from KML of a claim being prepared against AGC for unfinished works. The notification of claim has not been given in accordance with the Contract and KML has not provided any formal substantiation of the breaches it relies upon and has not issued any formal show cause notice under the Contract.

The Company announced on 25 June 2013 that AGC applied for, and was granted, an interim injunction to restrain KML from converting to cash the Security in the amount of $AU8.8 million until further order of the Court. Refer to Note 4(c) for a further discussion on this matter.

31 Dividends

	Group and Company	
	2013	2012
Ordinary dividends paid	**AU$'000**	AU$'000
Final one-tier tax exempt dividend paid in respect of the previous financial year of 0.64 Singapore cents (2012 : 0.64) per share and special one-tier tax exempt dividend of 0.36 Singapore cents (2012 : Nil) per share	**3,772**	2,318

The Directors do not recommend the payment of a dividend at the date of this report.

32 Business combination

On 16 December 2011 a subsidiary of the Company, AusGroup Singapore Pte Ltd, acquired the assets of Subsea Pressure Controls Pte Ltd (SPC) and operates this business as a new division of the existing business, referred to as AusGroup Pressure Controls (APC). The principal activity of APC is to provide manufacturing, repair and rental services to the Oil and Gas industry across Asia. As a result of the acquisition, the Group is expected to grow its Singapore business through direct entry in the sub-sea repair, maintenance and upgrade market industry.

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	S$'000[2]	AU$'000
Cash on date of acquisition	1,260	966
Cash paid on 30 June 2012	1,260	967
Shares in the Company [1]	2,520	1,933
Contingent consideration	3,272	2,509
	8,312	6,375

[1] A total of 8,499,157 ordinary shares of the Company were issued. The fair value of the shares was determined based on the weighted average share price on 16 December 2011

[2] Singapore Dollar

(b) Effect on cash flows of the Group

	S$'000	AU$'000
Cash paid (as above)	2,520	1,933
Cash outflow on acquisition	2,520	1,933

(c) Identifiable assets acquired and liabilities assumed

Group	At fair value [1] S$'000	At fair value [1] AU$'000	At 30 June 2012 [2] AU$'000
Property, plant and equipment	304	233	235
Inventories	1,312	1,006	1,014
Customer relationships, management skills and technical knowledge	1,294	992	999
Deferred tax liability	(220)	(168)	(170)
Total identifiable net assets	2,690	2,063	2,078
Goodwill	5,622	4,312	4,345
Consideration transferred for the business	8,312	6,375	6,423

[1] As at acquisition (16 December 2011)

[2] Amounts include the movement in foreign exchange rates between the date of acquisition and year-end

(d) Acquisition related costs

Acquisition related costs of AU$0.1 million are included in administration expenses in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Contingent consideration

The group is required to pay the former owners of SPC up to S$1.5 million by September 2013 and S$1.5 million by September 2014 if earnings before interest and tax ("EBIT") in respect of the financial years ending 30 June 2013 and 30 June 2014 exceed or equal certain agreed profit targets. The EBIT target for the period ended 30 June 2012 has been met and AU$0.6 million was paid to the former owners in September 2012. The EBIT target for the year ended 30 June 2013 has also been met and S$1.5 million will be paid to the former owners in September 2013.

The fair value of the contingent consideration at the date of acquisition was estimated at AU$2.5 million based on forecast EBIT targets being achieved (income approach) and discounted at 7.4% per annum.

(f) Fair values

The fair value of acquired identifiable intangible assets of AU$1.0 million (being customer relationships, management skills and technical knowledge) has been valued by independent valuers. Inventory acquired to the value of AU$1.0 million have been independently valued.

(g) Goodwill

The goodwill of AU$4.7 million (2012: AU$4.3 million) arising from the acquisition is attributable to the synergies expected to arise from the economies of scale in combining the operations of the Group with those of SPC.

(h) Revenue and profit contribution

The acquired business contributed revenue of AU$4.8 million and a net profit of AU$1.5 million to the Group for the period from 16 December 2011 to 30 June 2012.

Had APC been consolidated from 1 July 2011 to 30 June 2012, the Group's revenue and profit after tax for the year ended 30 June 2012 would have been approximately AU$636.0 million and AU$24.5 million respectively. These amounts are calculated as follows:

	Revenue	Profit after tax
As per statement of comprehensive income	632,033	23,313
Results excluding SPC	627,181	21,861
Pro-forma full year results of SPC	8,970	2,683
Pro-forma group results with SPC included for 12 months	636,151	24,544

33 Segment information

Description of segments

Management has determined the operating segments based on the reports reviewed by the Management Executive Committee that are used to make strategic decisions. The Management Executive Committee has been identified as the chief operating decision maker and comprises the Chief Executive Officer, the Chief Financial Officer, Executive General Managers (Operations, Projects and Group Services) and Group Managers (People Capital, HSSQ, Strategy and Development).

The Management Executive Committee considers the business from both a business segment and geographic perspective. Geographically, management manages and monitors the business in the three primary geographic areas: Australia, Singapore and Thailand. Geographic locations provide a range of products and services through fabrication, construction and integrated mining services. Inter-segment revenues transactions are performed on an arms-length basis and eliminated on consolidation. Other services included within the Group are investment holdings and the provision of support services. The results of these operations are included in the "others / corporate" column. The Management Executive Committee assesses the performance of the operating segment based on a measure of earnings before interest, tax, depreciation, amortisation and impairment ("adjusted EBITDA and impairment").

(a) Segment information provided to the Management Executive Committee for the reportable segments for the year ended 30 June is as follows:

Group 2013	Major Projects AU$'000	Fabrication & Manufacturing AU$'000	Integrated Services AU$'000	Others / Corporate AU$'000	Elimination AU$'000	Total AU$'000
TOTAL REVENUE						
Revenue from external customers	267,891	154,709	160,106	-	-	**582,706**
Inter-segment revenue	9,957	539	3,392	-	(13,888)	**-**
Revenue	**277,848**	**155,248**	**163,498**	**-**	**(13,888)**	**582,706**
RESULTS						
Adjusted EBITDA	20,407	8,454	1,100	2,584	-	**32,545**
Depreciation and amortisation	(2,732)	(3,463)	(5,821)	(2,980)	-	**(14,996)**
Amortisation of customer contracts	-	-	-	(422)	-	**(422)**
Share of profit of joint venture	524	-	-	-	-	**524**
Interest income	1,800	-	1,034	7,621	(9,839)	**616**
Interest expense	(74)	(3,888)	(1,362)	(8,497)	9,839	**(3,982)**
Profit / (Loss) before tax	19,925	1,103	(5,049)	(1,694)	-	**14,285**
Income tax (expense) / benefit	(5,999)	(276)	1,474	225	-	**(4,576)**
Reportable segment profit / (loss)	**13,926**	**827**	**(3,575)**	**(1,469)**	**-**	**9,709**
ASSETS						
Total segment assets	**80,351**	**111,315**	**94,496**	**19,629**	**-**	**305,791**
Additions to non-current assets (other than financial assets and deferred tax)	**342**	**1,154**	**6,158**	**7,635**	**-**	**15,289**
Investment in joint venture	**1,012**	**-**	**-**	**-**	**-**	**1,012**
LIABILITIES						
Total segment liabilities	**21,303**	**29,595**	**27,733**	**53,960**	**-**	**132,591**

Group 2012	Major Projects AU$'000	Fabrication & Manufacturing AU$'000	Integrated Services AU$'000	Others/ Corporate AU$'000	Elimination AU$'000	Total AU$'000
TOTAL REVENUE						
Revenue from external customers	201,792	112,378	317,863	-	-	632,033
Inter-segment revenue	9,471	6,361	774	-	(16,606)	-
Revenue	211,263	118,739	318,637	-	(16,606)	632,033
RESULTS						
Adjusted EBITDA	8,010	8,740	26,241	6,859	-	49,850
Depreciation and amortisation	(3,297)	(3,276)	(6,540)	(1,653)	-	(14,766)
Amortisation of customer contracts	-	-	-	(509)	-	(509)
Share of profit of joint venture	3,908	-	-	-	-	3,908
Interest income	-	-	1,257	7,578	(8,415)	420
Interest expense	(1,007)	(1,208)	(2,450)	(6,642)	7,912	(3,395)
Profit / (Loss) before tax	7,614	4,256	18,508	5,633	(503)	35,508
Income tax expense	(2,284)	(1,236)	(5,437)	(3,238)	-	(12,195)
Reportable segment profit / (loss)	5,330	3,020	13,071	2,395	(503)	23,313
ASSETS						
Total segment assets	44,499	80,983	112,473	43,514	-	281,469
Additions to non-current assets (other than financial assets and deferred tax)	808	8,470	7,324	7,167	-	23,769
Investment in joint venture	1,242	-	-	-	-	1,242
LIABILITIES						
Total segment liabilities	18,472	10,752	35,888	52,407	-	117,519

(b) Segment assets for reportable segments

Reportable segments' assets are reconciled to total assets as follows:

The amounts provided to the Management Executive Committee with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Management Executive Committee monitors the property, plant and equipment, intangible assets, inventories and receivables attributable to each segment.

	Group	
	2013	2012
	AU$'000	AU$'000
Segment assets for reportable segments	**286,162**	237,955
Cash and cash equivalents	**2,529**	30,968
Other receivables and prepayments	**3,314**	3,011
Property, plant and equipment	**3,761**	3,315
Intangible asset	**10,462**	6,601
Deferred tax assets and tax recoverable (including set off of deferred tax pursuant to set-off provisions)	**(437)**	(381)
	305,791	281,469

(c) Segment liabilities for reportable segments

The amounts provided to the Management Executive Committee with respect to total liabilities are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Management Executive Committee monitors the trade payables, other payables, borrowings and accruals attributable to each segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	Group	
	2013	2012
	AU$'000	AU$'000
Segment liabilities for reportable segments	**78,631**	65,112
Bank overdrafts	**2,970**	-
Trade payables	**3,178**	11,318
Other payables	**22,621**	21,191
Borrowings	**23,043**	12,995
Accruals for other liabilities and charges	**6,599**	3,228
Deferred tax liabilities and current tax payable (including set off of deferred tax pursuant to set-off provisions)	**(4,451)**	3,675
	132,591	117,519

(d) Other segment information

	Revenue		Segment assets		Non-current assets	
2013	**AU$'000**	**%**	**AU$'000**	**%**	**AU$'000**	**%**
Australia	**537,122**	**92.2**	**220,498**	**72.1**	**73,365**	**71.0**
Singapore	**39,363**	**6.8**	**81,110**	**26.5**	**29,844**	**29.0**
Thailand	**6,221**	**1.0**	**4,183**	**1.4**	**65**	**-**
Total	**582,706**	**100.0**	**305,791**	**100.0**	**103,274**	**100.0**
2012						
Australia	597,355	94.5	209,399	74.4	74,030	61.8
Singapore	30,537	4.8	69,988	24.9	45,433	37.9
Thailand	4,141	0.7	2,082	0.7	416	0.3
	632,033	100.0	281,469	100.0	119,879	100.0

(e) Customers contributing more than 10% of Group revenue

	2013		2012	
	AU$'000	**%**	AU$'000	%
Customer A [1]	**142,443**	**24.4**	124,003	19.6
Customer B [2]	**79,554**	**13.7**	-	-
Customer C [1][2][3]	**-**	**-**	140,641	22.3
Customer D [3]	**-**	**-**	78,678	12.4
Customer E [1]	**-**	**-**	64,466	10.2
	221,997	**38.1**	407,788	64.5

[1] Customer revenue reported in the Major Projects segment.

[2] Customer revenue reported in the Fabrication & Manufacturing segment.

[3] Customer revenue reported in the Integrated Services segment.

34 Events occurring after the reporting period

The Company's announced on 11 July 2013 that its wholly-owned subsidiary, AusGroup Singapore Pte. Ltd ("AGS"), has secured a buyer for its Singapore fabrication facilities (Property). The agreement allows AGS to leaseback the Property over a period of 12 years. The agreement is subject to completion of certain conditions, including Jurong Town Corporation approval, at which time it becomes a binding contract for the sale and purchase of the Property. On 22 August 2013, at an extraordinary general meeting of the Company, the shareholders approved the sale and leaseback transaction. Completion of the sale is expected to be at the beginning of September 2013. The purchase price for the Property of AU$33 million will realise a profit on the sale of the property estimated to be AU$14.8 million, however under the accounting standards some of this profit will be recognised immediately with the rest being recognised over the period of the lease.

The Group intends to deploy the net sale proceeds from the proposed sale to increase the Group's working capital and reduce overdraft facilities, and payment of the security deposits to be provided by AusGroup Singapore Pte. Ltd. under the lease agreement.

Shareholding Statistics as at 3 September 2013

Class of Equity Security : Ordinary shares
Voting rights : On a show of hands : one vote for each member
: On a poll : one vote for each ordinary share

Analysis of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	13	0.13	4,928	0.00
1,000 - 10,000	4,086	42.62	29,388,311	6.11
10,001 - 1,000,000	5,461	56.96	273,560,441	56.89
1,000,001 and above	28	0.29	177,902,456	37.00
	9,588	**100.00**	**480,856,136**	**100.00**

TOP 20 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	DBS Nominees Pte Ltd	23,387,000	4.86
2	Barry Alfred Carson and Jennifer Margaret Carson	20,651,518	4.29
3	DBSN Services Pte Ltd	16,518,157	3.44
4	Citibank Nominees Singapore Pte Ltd	13,007,198	2.71
5	United Overseas Bank Nominees Pte Ltd	12,920,000	2.69
6	Emerald River Pty Ltd	12,908,896	2.68
7	OCBC Securities Private Ltd	9,092,000	1.89
8	UOB Kay Hian Pte Ltd	8,627,000	1.79
9	DBS Vickers Securities (S) Pte Ltd	8,022,000	1.67
10	Phillip Securities Pte Ltd	6,072,000	1.26
11	CIMB Securities (S) Pte Ltd	5,896,000	1.23
12	Raffles Nominees (Pte) Ltd	4,645,000	0.97
13	OCBC Nominees Singapore Pte Ltd	4,256,000	0.89
14	Lee Chien Shih	3,750,000	0.78
15	Maybank Kim Eng Securities Pte Ltd	3,615,687	0.75
16	Lim & Tan Securities Pte Ltd	3,510,000	0.73
17	HL Bank Nominees (S) Pte Ltd	3,000,000	0.62
18	Ng Cheng Choh	2,690,000	0.56
19	HSBC (Singapore) Nominees Pte Ltd	2,652,000	0.55
20	Hong Leong Finance Nominees Pte Ltd	2,450,000	0.51
		167,670,456	**34.87**

Shareholdings Held in Hands of Public

Based on information available to the Company and to the best knowledge of the Company as at 3 September 2013, approximately 93% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

There are no treasury shares held in the issued capital of the Company.

SUBSTANTIAL SHAREHOLDERS

Based on information available to the Company as at 3 September 2013, the Company had no substantial shareholders.

AUSGROUP LIMITED
(Incorporated In The Republic Of Singapore)
Company Registration No. 200413014R

NOTICE IS HEREBY GIVEN that the annual general meeting of AusGroup Limited (the "Company") will be held at 36 Tuas Road, Singapore 638505 on Thursday, 17 October 2013 at 3.00 p.m. for the following purposes:-

Ordinary Business

1. To receive and adopt the audited financial statements for the year ended 30 June 2013 and the reports of the directors and auditors thereon.

2. To approve directors' fees of up to S$750,000 for the year ending 30 June 2014. (2013: up to S$750,000) (Please see additional information below)

3. To re-elect Mr Barry Alfred Carson, a director who will retire by rotation in accordance with Article 91 of the Company's Articles of Association and who, being eligible, will offer himself for re-election.

   Note: Mr Barry Alfred Carson, if re-elected as a director, will remain a member and the chairman of the Remuneration and Human Capital Committee, a member of the Nominating Committee and a member of the Health, Safety and Sustainability Committee. Mr Carson is a non-independent non-executive director.

4. To re-elect Dr Chew Kia Ngee, a director who will retire by rotation in accordance with Article 91 of the Company's Articles of Association and who, being eligible, will offer himself for re-election.

   Note: Dr Chew Kia Ngee, if re-elected as a director, will remain a member and the chairman of the Nominating Committee. Dr Chew is an independent non-executive director.

5. To re-elect Mr Damien Marian O'Reilly, a director who will retire by rotation in accordance with Article 91 of the Company's Articles of Association and who, being eligible, will offer himself for re-election.

   Note: Mr Damien Marian O'Reilly, if re-elected as a director, will remain a member of the Remuneration and Human Capital Committee and a member and the chairman of the Health, Safety and Sustainability Committee. Mr O'Reilly is an independent non-executive director.

6. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company and to authorise the directors to fix their remuneration.

Special Business

To consider and, if thought fit, to pass with or without any modifications, the following resolutions as ordinary resolutions:-

7. That, pursuant to Section 161 of the Companies Act, Chapter 50 (the "Companies Act") and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited (the "SGX-ST"), authority be and is hereby given to the directors to:-

   (a) (i) issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or
   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

   (b) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the directors while this resolution was in force,

   provided that:-

   (A) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares in the capital of the Company) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments

made or granted pursuant to this resolution) does not exceed 20% of the total number of issued Shares (excluding treasury shares in the capital of the Company) (as calculated in accordance with sub-paragraph (B) below);

(B) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (A) above, the total number of issued Shares (excluding treasury shares in the capital of the Company) shall be based on the total number of issued Shares (excluding treasury shares in the capital of the Company) at the time of the passing of this resolution, after adjusting for:-

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this resolution; and

(ii) any subsequent bonus issue, consolidation or subdivision of Shares;

(C) in exercising the authority conferred by this resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(D) (unless revoked or varied by the Company in general meeting) the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

8. To transact any other business as can be transacted at an annual general meeting of the Company.

By Order of the Board

Grace C P Chan and Corine B E Lim
Company Secretaries

Singapore
2 October 2013

Notes

A member entitled to attend and vote at the annual general meeting may appoint not more than two proxies to attend and vote on his behalf. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 36 Tuas Road, Singapore 638505 not less than 48 hours before the time appointed for the meeting.

Additional Information For Item 2 Above

Item 2 above will facilitate payment of directors' fees on a quarterly basis for the current year. The amount of up to S$750,000 is calculated based on the number of expected board meetings including attendance/allowance fees for the year ending 30 June 2014 and the positions held by the non-executive directors in the various board committees, and assuming that all non-executive directors will hold office for the full year. In the event the amount of directors' fees proposed is insufficient (e.g. due to more meetings or enlarged board size), approval will be sought at next year's annual general meeting for additional fees to meet the shortfall.

Statement Pursuant To Article 54 Of The Company's Articles Of Association

The ordinary resolution proposed in item 7 above, if passed, will authorise the directors to issue Shares and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the total number of issued Shares (excluding treasury shares in the capital of the Company), with a sub-limit of 20% for issues other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares in the capital of the Company) shall be based on the total number of issued Shares (excluding treasury shares in the capital of the Company) at the time that the resolution is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time the resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of Shares.

Proxy Form - Annual General Meeting

AUSGROUP LIMITED

(Incorporated In The Republic Of Singapore)
Company Registration No. 200413014R

IMPORTANT

1. For investors who have used their CPF monies to buy AusGroup Limited's shares, this annual report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR INFORMATION ONLY.

2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

3. CPF investors who wish to attend the annual general meeting as OBSERVERS have to submit their requests through their respective agent banks so that their agent banks may register with the company secretaries of AusGroup Limited.

I/We ....., NRIC/Passport No. .....

of .....
being a member/members of AusGroup Limited (the "Company") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the annual general meeting of the Company to be held at 36 Tuas Road, Singapore, 638505 on Thursday, 17 October 2013 at 3.00 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the notice of annual general meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the annual general meeting.)

No.	Resolutions	For	Against
1	Adoption of audited financial statements and reports		
2	Approval of directors' fees for the year ending 30 June 2014		
3	Re-election of Mr Barry Alfred Carson as director		
4	Re-election of Dr Chew Kia Ngee as director		
5	Re-election of Mr Damien Marian O'Reilly as director		
6	Re-appointment of PricewaterhouseCoopers LLP as auditors		
7	Renewal of share issue mandate		

Dated this ..... day of 2013

.....
Signature(s) of Member(s) or Common Seal

Total Number of Shares Held

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 36 Tuas Road, Singapore 638505 not less than 48 hours before the time appointed for the holding of the meeting.
5. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting.

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Affix
Postage
Stamp

The Company Secretaries

AusGroup Limited

36 Tuas Road

Singapore 638505

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Corporate Information

BOARD OF DIRECTORS

Dr Chew Kia Ngee
Independent Non-Executive Director and Chairman

Laurie McGregor Barlow
CEO and Managing Director

Stuart Maxwell Kenny
Non-Independent Non-Executive Director

Barry Alfred Carson
Non-Independent Non-Executive Director

Kok Pak Chow
Independent Non-Executive Director

Kelvin Lee Kiam Hwee
Independent Non-Executive Director

Damien Marian O'Reilly
Independent Non-Executive Director

Grant Anthony Pestell
Independent Non-Executive Director

AUDIT COMMITTEE

Kok Pak Chow (Chairman)
Kelvin Lee Kiam Hwee
Grant Anthony Pestell

NOMINATING COMMITTEE

Dr Chew Kia Ngee (Chairman)
Barry Alfred Carson
Kok Pak Chow

REMUNERATION AND HUMAN CAPITAL COMMITTEE

Barry Alfred Carson (Chairman)
Kelvin Lee Kiam Hwee
Damien Marian O'Reilly

HEALTH, SAFETY & SUSTAINABILITY COMMITTEE

Damien Marian O'Reilly (Chairman)
Barry Alfred Carson
Grant Anthony Pestell

COMPANY SECRETARIES

Chan Chow Pheng Grace
Lim Bee Eng Corine

REGISTERED OFFICE

36 Tuas Road, Singapore 638505
T +65 6862 5233
F +65 6862 5211
E info@agc-ausgroup.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

COMPANY REGISTRATION NUMBER

200413014R

WEBSITE

www.agc-ausgroup.com

PRINCIPAL PLACE OF BUSINESS

Level 2, 251 St Georges Terrace
Perth Western Australia 6000
Australia
T +61 8 6210 4500
F +61 8 6210 4501
E info@agc-ausgroup.com

AUDITORS

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner-in-Charge: Tan Boon Chok
Date of Appointment: 13 October 2009

INTERNAL AUDITORS

Deloitte Touche Tohmatsu
Level 14, Woodside Plaza
240 St Georges Terrace
Perth Western Australia 6000
Australia

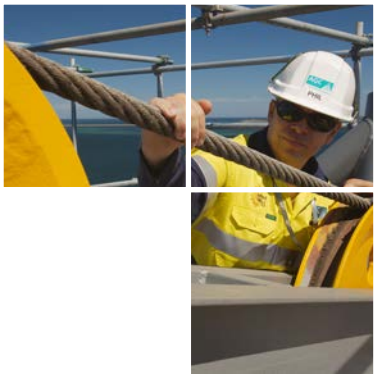
SOLICITORS

Rajah & Tann
9 Battery Road
#25-01 Straits Trading Building
Singapore 049910

BANKERS

Australia and New Zealand Banking Group Limited
Corporate Banking
7-77 St Georges Terrace
Perth Western Australia 6000
Australia

HSBC Bank Australia Limited
Level 1, 188-190 St Georges Terrace
Perth Western Australia 6000
Australia



AusGroup Limited
Level 2, 251 St Georges Terrace
Perth, Western Australia 6000

T +61 8 6210 4500
F +61 8 6210 4501

www.agc-ausgroup.com