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

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

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

	GROUP		+/(-)	GROUP		+/(-)
	3Q 2020 AU$'000	3Q 2019 AU$'000	%	9M 2020 AU$'000	9M 2019 AU$'000	%
Revenue	66,091	66,325	(0.4)	224,824	211,212	6.4
Cost of sales	(63,706)	(56,991)	11.8	(210,950)	(187,610)	12.4
Gross profit	**2,385**	**9,334**	(74.4)	**13,874**	**23,602**	(41.2)
Gross margin	**3.6%**	**14.1%**		**6.2%**	**11.2%**	
Other operating income	17	936	(98.2)	778	3,365	(76.9)
Other operating costs	(1,794)	(2,027)	(11.5)	(6,003)	(6,076)	(1.2)
*Administrative expenses	(1,263)	(1,748)	(27.7)	(4,356)	(6,864)	(36.5)
Impairment of receivables	(59)	(4,025)	N.M.	(416)	(4,025)	N.M.
Marketing and distribution expenses	(325)	(537)	(39.5)	(1,102)	(1,712)	(35.6)
(Loss)/profit from operations	**(1,039)**	**1,933**	N.M.	**2,775**	**8,290**	(66.5)
*Finance costs	(1,915)	(1,105)	73.3	(4,382)	(5,652)	(22.5)
Net gain on partial debt restructure	-	-	N.M.	-	566	N.M.
(Loss)/profit before income tax	**(2,954)**	**828**	N.M.	**(1,607)**	**3,204**	N.M.
Income tax expense	(263)	(244)	7.8	(837)	(816)	2.6
Net (loss)/profit for the period	**(3,217)**	**584**	N.M.	**(2,444)**	**2,388**	N.M.
Net (loss)/profit %	**(4.9%)**	**0.9%**		**(1.1%)**	**1.1%**	
(Loss)/earnings per ordinary share attributable to equity holders of the Company (AU$ cents per share)						
- basic	(0.11)	0.03		(0.08)	0.12	
- diluted	(0.11)	0.03		(0.08)	0.12	

*The amount includes the effect of adoption of SFRS(I) 16.
N.M. not meaningful

(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	GROUP		+/(-)	GROUP		+/(-)
	3Q 2020	3Q 2019	%	9M 2020	9M 2019	%
	AU$'000	AU$'000		AU$'000	AU$'000	
(Loss)/profit for the period	(3,217)	584	N.M.	(2,444)	2,388	N.M.
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences	(5,127)	193	N.M.	(5,965)	(1,325)	N.M.
Other comprehensive (loss)/income for the period	(5,127)	193	N.M.	(5,965)	(1,325)	N.M.
Total comprehensive (loss)/income for the period	**(8,344)**	**777**	N.M.	**(8,409)**	**1,063**	N.M.

(ii) NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

A. (LOSS)/PROFIT FROM OPERATIONS

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

	GROUP		+/(-)	GROUP		+/(-)
	3Q 2020	3Q 2019	%	9M 2020	9M 2019	%
	AU$'000	AU$'000		AU$'000	AU$'000	
Other operating income						
Interest income	30	73	(58.9)	74	300	(75.3)
Profit on sale of property, plant and equipment	116	478	(75.7)	451	1,490	(69.7)
Other income	36	34	5.9	253	657	(61.5)
Foreign exchange (loss)/gain	(165)	351	N.M.	1	918	(99.9)
Total other operating income	**17**	**936**	(98.2)	**778**	**3,365**	(76.9)
Amortisation and depreciation						
Depreciation of property, plant & equipment included in cost of sales	1,149	932	23.3	2,951	3,963	(25.5)
Depreciation of right-of-use assets included in cost of sales*	389	-	N.M.	1,157	-	N.M.
Amortisation of intangible assets included in cost of sales	200	86	N.M.	599	716	(16.3)
Depreciation of property, plant & equipment included in administrative expenses	393	110	N.M.	1,237	337	N.M.
Depreciation of right-of-use assets included in administrative expenses*	96	-	N.M.	645	-	N.M.
Amortisation of intangible assets included in administrative expenses	98	34	N.M.	286	114	N.M.
Total amortisation and depreciation	**2,325**	**1,162**	100.1	**6,875**	**5,130**	34.0
Employee share and share option scheme expense	101	-	N.M.	304	(22)	N.M.
Redundancy cost associated with restructuring	693	-	N.M.	693	-	N.M.

*The amount includes the effect of adoption of SFRS(I) 16.
N.M. not meaningful

B. FINANCE COSTS

	GROUP		+/(-)	GROUP		+/(-)
	3Q 2020 AU$'000	3Q 2019 AU$'000	%	9M 2020 AU$'000	9M 2019 AU$'000	%
Loans	1,640	1,101	49.0	3,444	5,603	(38.5)
Bank guarantee fees	31	4	N.M.	186	43	N.M.
Lease-related interest expenses - SFRS(I)16 (Note 5)	244	-	N.M.	752	-	N.M.
Finance leases and hire purchase	-	-	N.M.	-	6	N.M.
Total finance costs	**1,915**	**1,105**	73.3	**4,382**	**5,652**	(22.5)

C. INCOME TAX EXPENSE

	GROUP			GROUP		
	3Q 2020 AU$'000	3Q 2019 AU$'000		9M 2020 AU$'000	9M 2019 AU$'000	
Withholding tax expense:						
- current year	(263)	(244)	7.8	(837)	(816)	2.6
	(263)	**(244)**	7.8	**(837)**	**(816)**	2.6
Tax expense relating to continuing operations	(263)	(244)	7.8	(837)	(816)	2.6
Total income tax expense	**(263)**	**(244)**	7.8	**(837)**	**(816)**	2.6

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group As at 31/03/2020 AU$'000	Group As at 30/06/2019 AU$'000	Company As at 31/03/2020 AU$'000	Company As at 30/06/2019 AU$'000
CURRENT ASSETS				
Cash and cash equivalents	10,374	17,173	76	3,442
Trade receivables and contract assets	72,519	65,388	-	-
Other receivables and prepayments	3,852	4,486	712	689
Inventories	4,427	1,735	-	-
Total current assets	**91,172**	**88,782**	**788**	**4,131**
NON-CURRENT ASSETS				
Property, plant and equipment	81,325	85,084	-	-
Goodwill	10,994	10,994	-	-
Intangible assets	33,316	34,121	-	-
Right-of-use assets - SFRS(I) 16 (Note 5)	13,439	-	-	-
Other receivables and prepayments	864	-	-	-
Due from subsidiaries	-	-	74,024	61,941
Investments in subsidiaries	-	-	95,271	88,261
Total non-current assets	**139,937**	**130,199**	**169,295**	**150,202**
Total assets	**231,109**	**218,981**	**170,083**	**154,333**
CURRENT LIABILITIES				
Trade payables and contract liabilities	12,068	15,579	-	-
Other payables	25,091	22,750	826	766
Due to subsidiaries	-	-	7,448	8,196
Borrowings	10,863	7,306	9,587	6,928
Lease liabilities - SFRS(I) 16 (Note 5)	1,637	-	-	-
Accruals for other liabilities and charges	4,257	5,115	-	-
Current income tax liabilities	45	851	392	310
Provisions	-	166	-	-
Total current liabilities	**53,961**	**51,767**	**18,253**	**16,200**
NON-CURRENT LIABILITIES				
Borrowings	74,111	67,611	74,376	67,611
Lease liabilities - SFRS(I) 16 (Note 5)	12,096	-	-	-
Accruals for other liabilities and charges	759	950	-	-
Deferred income tax liabilities	674	736	-	-
Total non-current liabilities	**87,640**	**69,297**	**74,376**	**67,611**
Total liabilities	**141,601**	**121,064**	**92,629**	**83,811**
EQUITY				
Capital and reserves attributable to				
Share capital	216,349	216,349	216,349	216,349
Capital reserve	(163)	(163)	(163)	(163)
Share-based payment reserve	5,438	5,438	5,438	5,438
Foreign currency translation reserve	12,942	18,907	33,696	27,918
Accumulated losses	(145,058)	(142,614)	(177,866)	(179,020)
Total equity	**89,508**	**97,917**	**77,454**	**70,522**
Total liabilities and equity	**231,109**	**218,981**	**170,083**	**154,333**

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

	31/03/2020		30/06/2019	
	AU$'000	AU$'000	AU$'000	AU$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	10,863	-	7,306	-
Amount repayable after one year	44,789	29,322	41,885	25,726

Borrowings Summary

	31/03/2020	30/06/2019
	AU$'000	AU$'000
Multi Currency Notes	44,789	41,308
DBS Short Term Loan - SGD	-	7,505
DBS Revolving Credit Facility - AUD	9,852	-
Shareholder Loan	29,322	25,726
Insurance funding	1,011	378
Total borrowings	84,974	74,917

Multi Currency Notes ("Notes")

The Notes (AU$44.8m) are a non-current liability and are secured. The increase in the liability is due to adverse exchange rate fluctuations.

The key terms of Notes are:

- maturity date is 3 December 2022; and
- interest will be paid monthly at a rate of 5% per annum from 3 December 2018, 6% per annum from 3 December 2019 and 7% per annum from 3 December 2020.

Loans from DBS Bank Ltd

The DBS short-term loan was refinanced in Q2 FY2020 by the Revolving Credit Facility (see below). DBS also provides bank guarantee facilities to the Group to support performance bonds and financial guarantees provided to the Group's clients.

Revolving credit facility from DBS Bank Ltd

In Q2 FY2020 the Company secured a Revolving Credit Facility ("RCF") from DBS bank and at 31 March 2020 $9.9 million was drawn under this facility. The RCF refinanced the DBS Short Term Loan - SGD which gave the Group access to additional working capital until 30 June 2020. In respect to the RCF and DBS short term loan – SGD, the Group has breached one covenant on its debt facilities during the quarter, however, it has received a waiver for this breach from its principal banker. Negotiations are nearing completion to extend the RCF on new payment terms to December 2020.

Loans from related party (shareholder loan)

The repayment date of the loan from Ezion Holdings Limited ("Ezion") is until after 31 October 2023 hence the loans are classified as a non-current liability. At 31 March 2020 the amount owing on the loan by the Company to Ezion was AU$29.3m (30 June 2019: AU$25.7m) and is unsecured. The shareholder loan increased by AU$3.2m in Q3 FY2020 due primarily to adverse foreign exchange rate movement between the US dollar and the Australia dollar.

Surety bond facility from Vero

The Group holds a AU$30.0m Surety bond facility with Vero to ensure the Group maintains its bonding capacity for bid bonds, performance bonds and financial guarantees.

1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	GROUP 3Q 2020 AU$'000	GROUP 3Q 2019 AU$'000	GROUP 9M 2020 AU$'000	GROUP 9M 2019 AU$'000
Cash flows from operating activities				
(Loss)/profit after taxation	(3,217)	584	(2,444)	2,388
Add/(less) adjustments for:				
Depreciation of property, plant and equipment	1,542	1,042	4,188	4,300
Amortisation of intangible assets	298	120	885	830
Depreciation of right-of-use assets	485	-	1,802	-
Employee share and share option scheme expense	101	-	304	(22)
Impairment loss on trade receivables	59	4,025	416	4,491
Net foreign exchange differences	1,416	948	1,030	(688)
Profit on disposal of property, plant and equipment	(116)	(478)	(451)	(1,490)
Gain on partial debt restructure	-	-	-	(566)
Interest income	(30)	(73)	(74)	(300)
Finance costs	1,915	1,105	4,382	5,652
Income tax expense	263	244	837	816
Operating cash flows before working capital changes	**2,716**	**7,517**	**10,875**	**15,411**
Changes in operating assets and liabilities				
Trade receivables	16,825	(3,368)	(7,546)	(12,456)
Other receivables and prepayments	(131)	(49)	(230)	380
Inventories	(1,581)	307	(2,691)	1,217
Trade payables	(5,945)	1,420	(3,511)	(10,057)
Accruals and other payables	(7,785)	(6,072)	(46)	(15,338)
Cash generated from/(used in) operations	**4,099**	**(245)**	**(3,149)**	**(20,843)**
Interest paid	(1,937)	(1,310)	(3,508)	(5,536)
Interest received	30	73	74	300
Income tax paid	(263)	(244)	(837)	(816)
Net cash generated from/(used in) operating activities	**1,929**	**(1,726)**	**(7,420)**	**(26,895)**
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	161	1,041	794	3,509
Purchase of property, plant and equipment	(500)	(873)	(772)	(1,303)
Purchase of intangible assets	(32)	-	(80)	(339)
Net cash (used in)/generated from investing activities	**(371)**	**168**	**(58)**	**1,867**

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

	GROUP 3Q 2020 AU$'000	GROUP 3Q 2019 AU$'000	GROUP 9M 2020 AU$'000	GROUP 9M 2019 AU$'000
Cash flows from financing activities				
Repayment of insurance funding	(2,495)	(1,093)	(7,003)	(2,108)
Proceeds from borrowings	17	766	15,138	2,158
Repayment of borrowings	(2,389)	(8,423)	(5,311)	(35,117)
Proceeds from issue of share capital	-	(404)	-	46,350
Payment of lease liabilities	(367)	-	(2,259)	-
Increase in restricted cash	(2,000)	(1,250)	-	(1,250)
Net cash (used in)/generated from financing activities	**(7,234)**	**(10,404)**	**565**	**10,033**
Net (decrease) in cash and cash equivalents	**(5,676)**	**(11,962)**	**(6,913)**	**(14,995)**
Effect of exchange rate fluctuations on cash held	94	63	114	251
Net (decrease) in cash held	**(5,582)**	**(11,899)**	**(6,799)**	**(14,744)**
Cash and cash equivalents at beginning of period	13,243	33,751	14,460	36,596
Cash and cash equivalents at end of period	**7,661**	**21,852**	**7,661**	**21,852**
Cash and cash equivalents represented by				
Cash and bank balances	10,374	24,352	10,374	24,352
*Restricted cash	(2,713)	(2,500)	(2,713)	(2,500)
Total cash and cash equivalents at end of period	**7,661**	**21,852**	**7,661**	**21,852**

*The amount represents cash security held for bank guarantees issued.

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

(i) all changes in equity, or

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

Group	SHARE CAPITAL AU$'000	CAPITAL RESERVE AU$ '000	SHARE-BASED PAYMENT RESERVE AU$'000	FOREIGN CURRENCY TRANSLATION RESERVE AU$'000	ACCUMULATED LOSSES AU$'000	TOTAL EQUITY AU$'000
9M 2020						
Balance as at 1 July 2019	216,349	(163)	5,438	18,907	(142,614)	97,917
Profit for the period	-	-	-	-	773	773
Other comprehensive loss	-	-	-	(838)	-	(838)
Balance as at 31 December 2019	**216,349**	**(163)**	**5,438**	**18,069**	**(141,841)**	**97,852**
Loss for the period	-	-	-	-	(3,217)	(3,217)
Other comprehensive loss	-	-	-	(5,127)	-	(5,127)
Balance as at 31 March 2020	**216,349**	**(163)**	**5,438**	**12,942**	**(145,058)**	**89,508**
9M 2019						
Balance as at 1 July 2018	162,647	(163)	5,460	18,229	(144,448)	41,725
Adoption of new/revised SRRS(I)9	-	-	-	-	(465)	(465)
Restated balance as at 1 July 2019	162,647	(163)	5,460	18,229	(144,913)	41,260
Profit for the period	-	-	-	-	1,804	1,804
Other comprehensive loss	-	-	-	(1,518)	-	(1,518)
Share-based payment expense	-	-	(22)	-	-	(22)
Issue of ordinary shares	54,383	-	-	-	-	54,383
Balance as at 31 December 2018	**217,030**	**(163)**	**5,438**	**16,711**	**(143,109)**	**95,907**
Profit for the period	-	-	-	-	584	584
Other comprehensive income	-	-	-	193	-	193
Share issue expenses	(404)	-	-	-	-	(404)
Balance as at 31 March 2019	**216,626**	**(163)**	**5,438**	**16,904**	**(142,525)**	**96,280**
Company						
9M 2020						
Balance as at 1 July 2019	216,349	(163)	5,438	27,918	(179,020)	70,522
Profit for the period	-	-	-	-	517	517
Other comprehensive income	-	-	-	492	-	492
Balance as at 31 December 2019	**216,349**	**(163)**	**5,438**	**28,410**	**(178,503)**	**71,531**
Profit for the period	-	-	-	-	637	637
Other comprehensive loss	-	-	-	5,286	-	5,286
Balance as at 31 March 2020	**216,349**	**(163)**	**5,438**	**33,696**	**(177,866)**	**77,454**
9M 2019						
Balance as at 1 July 2018	162,647	(163)	5,460	25,891	(183,028)	10,807
Profit for the period	-	-	-	-	363	363
Other comprehensive income	-	-	-	2,597	-	2,597
Share-based payment expense	-	-	(22)	-	-	(22)
Issue of ordinary shares	54,383	-	-	-	-	54,383
Balance as at 31 December 2018	**217,030 -**	**163**	**5,438**	**28,488 -**	**182,665**	**68,128**
Profit for the period	-	-	-	-	913	913
Other comprehensive income	-	-	-	2,059	-	2,059
Share issue expenses	- 404	-	-	-	-	(404)
Balance as at 31 March 2019	**216,626**	**(163)**	**5,438**	**30,547**	**(181,752)**	**70,696**

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

	31-Mar-20	30-Jun-19
	Number of shares	Number of shares
Number of issued shares		
Opening balance	3,048,230,431	1,504,805,466
Issuance of shares	-	1,326,714,101
Shares issued through debt to equity exercise	-	216,710,864
Closing balance	3,048,230,431	3,048,230,431

	31-Mar-20	30-Jun-19
	AU$'000	AU$'000
Ordinary shares issued and fully paid		
Opening balance	216,349	162,647
Shares issued for cash net of transaction costs	-	46,350
Shares issued through debt to equity exercise	-	7,352
Closing balance	216,349	216,349

As at 31 March 2020 there were no outstanding options (30 June 2019: Nil) for unissued ordinary shares under the employee share option scheme.

As at 31 March 2020 there were no outstanding rights (30 June 2019: Nil) that may potentially be converted to shares under the employee share scheme.

As at 31 March 2020 and 30 June 2019 respectively there were no treasury shares held by the Company.

Provision has been made for the issuance of shares under AusGroup's Performance Share Plan with $101,000 provided in Q3 FY2020 and $304,000 to date.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	31 March 2020	30 June 2019
Number of issued shares	3,048,230,431	3,048,230,431

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

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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

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

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

Not applicable.

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

Except as disclosed under item 5 below, the accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the audited financial statements for the year ended 30 June 2019.

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

Adoption of SFRS(I) 16 Leases

The Group adopted the SFRS(I) 16 Leases starting from 1 July 2019, using the modified retrospective approach at the date of initial application.

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 Operating Leases - Incentives and SFRS(I) INT 1-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is apportioned between the liability and finance cost. The financial cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- variable lease payment that are based on an index or rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Adjustment recognised on adoption of SFRS(I)16

On adoption of SFRS(I) 16, the Company recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of SFRS(I) 16 Leases. These liabilities were measured at the present value of the remaining lease payments, discounting using the lessee's incremental borrowing rate as of 1 July 2019. The assessed incremental borrowing rate for non-port related lease assets was 6.25% p.a. and the assessed incremental borrowing rate for port related lease assets was 7.5% p.a.

The lease liability recognised on the date of transition is comprised as follows:

	1/07/2019
	$'000
Additional lease commitments from adopting SFRS(I)16	15,242
Lease liability recognised as at 1 July 2019	**15,242**

	31/03/2020	1/07/2019
	$'000	$'000
Comprising:		
Current	1,637	1,948
Non-current	12,096	13,294
Total	**13,733**	**15,242**

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2019.

	31/03/2020	1/07/2019
	$'000	$'000
Property	13,439	15,242
Total right-of-use assets	**13,439**	**15,242**

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

	GROUP 3Q 2020 AU$'000	GROUP 3Q 2019 AU$'000	GROUP 9M 2020 AU$'000	GROUP 9M 2019 AU$'000
(Loss)/profit attributable to owners of the Company	(3,217)	584	(2,444)	2,388
earnings ('000)	3,048,230	2,015,273	3,048,230	2,015,273
Fully diluted number of ordinary shares ('000)	3,048,230	2,015,273	3,048,230	2,015,273
(Loss)/earnings per ordinary share (AU cents)				
- Basic	(0.11)	0.03	(0.08)	0.12
- Diluted	(0.11)	0.03	(0.08)	0.12

Basic earnings per share is calculated by dividing the consolidated profit after tax attributable to the equity holders of the Company by the weighted average of the number of shares outstanding during the period.

For the purposes of calculating diluted earnings per share, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive shares is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the profit/(loss) after taxation.

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

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

	GROUP 31/03/2020 AU$'000	GROUP 30/06/2019 AU$'000	COMPANY 31/03/2020 AU$'000	COMPANY 30/06/2019 AU$'000
Net assets	89,508	97,917	77,454	70,522
Net asset value per ordinary share based on issued share capital at the end of the respective periods (AU cents)	2.9	3.2	2.5	2.3

Net asset value per ordinary share is calculated by dividing the net assets attributable to the entity holders of the Company by the number of issued shares as at 31 March 2020 of 3,048,230,431 ordinary shares (30 June 2019: 3,048,230,431).

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

A Review of Income Statement

Continuing Operations

Revenue for the third quarter of FY2020 was AU$66.1m (3Q FY2019: AU$66.3m) was consistent with the comparative quarter, however, this was lower than expectations following the postponement of client determined "non-critical" projects due to the initial impact of the COVID-19 pandemic.

Cost of sales for the third quarter of FY2020 increased by 11.8% QoQ to AU$63.7m (3Q FY2019: AU$57.0m). The increase in costs of sales was due to the changing mix of work performed in the quarter with an increase in maintenance and fabrication work at comparatively lower margins.

Gross profit decreased by 74.4% QoQ to AU$2.4m for the third quarter of FY2020 (3Q FY2019: AU$9.3m). Gross profit margin for the third quarter of FY2020 was 3.6%, a decrease of 10.5% compared to 3Q FY2019 as noted above. The first effect of the COVID-19 pandemic has impacted the quarter's results as "non-critical" customer projects were postponed.

Other operating costs combined with administrative expenses and marketing and distribution expenses decreased in the third quarter of FY2020 by 21.6% on a comparable basis to AU$3.4m (3Q FY2019: AU$4.3m) which has been a particular focus due to the pressures on margins and includes redundancy costs of $0.7m as a result of the postponement of work.

Finance costs for the third quarter FY2020 were AU$1.9m, an increase 73.7% QoQ from Q3 FY2019. The increase is mainly due to the recognition of unrealized foreign exchange loss of AU$0.8m arisen from the revaluation of foreign currency borrowings and an increase of lease-related interest expenses of AU$0.3m from the adoption of SFRS(I)16.

For details on income tax, please refer to Section 1(a)(ii)C.

Net loss after tax from operations for Q3 FY2020 was AU$3.2m (Q3 FY2019: profit of AU$0.6m).

B Balance Sheet

Assets

Cash and bank balances decreased by AU$6.8m to AU$10.4m at 31 March 2020 (30 June 2019: AU$17.2m), in part due to timing delays in cash receipts from current project activities.

Trade receivables balance increased by AU$7.1m since 30 June 2019 to AU$72.5m at 31 March 2020 as project settlements were delayed on completed contracts as a result of tightening in cash flows due to the unprecedented effects of the COVID-19 pandemic.

Inventories increased by AU$2.7m since 30 June 2019, with the majority of inventory now related to marine fuel for sale by the NT Port and Marine business. The increase is due to the purchase of fuel in Q1 and Q3 FY2020.

Non-current assets balance increased AU$9.7m since 30 June 2019 to AU$140.0m mainly due to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16 on 1 July 2019.

Liabilities

The trade payables balance decreased by AU$3.5m since 30 June 2019 to AU$12.1m at 31 March 2020 in line with the decrease in work activities since the comparable quarter and settlement of essential supply chain obligations.

Other payables increased by AU$2.3m since 30 June 2019 to AU$25.1m mainly due to timing in the settlement of payables to align with delay in cash receipts from trade receivables. Current accruals for other liabilities mainly consisted of accruals for annual leave, rostered day off, sick leave and current long service leave. The current accrual balance decreased by AU$0.8m from 30 June 2019 to AU$4.3m at 31 March 2020. Non-current accruals comprise the long-term long service leave balance.

Total borrowings increased overall by AU$10.1m since 30 June 2019 to AU$85.0m due to the utilisation of insurance premium funding, drawdown of the revolving credit facility and the fluctuation of foreign currency rate movement between the US dollar and the Australia dollar.

As at 31 March 2020, the Group was in a net current asset position of AU$37.2m and net assets were AU$89.5m. The Group has sufficient cash resources and banking facilities available to meet the financing needs of its operations.

C Review of Statement of Cash Flows

Operating activities of the Group generated net cash inflows of AU$1.9m for Q3 FY2020, an increase from the corresponding quarter on FY2019, mainly due to the receipt of long outstanding project payments during the period.

Net cash outflows of AU$0.4m occurred from investing activities in Q3 FY2020 due to the purchases of property, plant and equipment in the period offset by net inflow of AU$0.1m from disposals.

Net cash used in financing activities was AU$7.2m, reflecting the outflow of repayments of borrowings, insurance funding and lease liabilities of AU$5.2m collectively and reinstatement of restricted cash to AU$2.0m.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of AU$5.7m to AU$7.7m at 31 March 2020 compared to the prior quarter (Q2 FY2020).

9. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (pursuant to SGX rulebook - Appendix 7.2 Financial statements and dividend announcement (3A) :—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

The Group's auditors qualified their audit opinion for the year ended 30 June 2019 as they were unable to obtain sufficient appropriate audit evidence regarding the key assumptions to arrive at the recoverable amount of the Port and Marine business.

The commencement of operations started in March 2018 and since that date the business has developed and is starting to secure longer term contracts to underpin the value over the 40 year remaining term of the right to operate. The valuation of an entity at the early stage of its life cycle is wide ranging due to a lack of operating history and profits. The valuation is based on future assumptions that, whilst they are reasonable to assume, are based on judgement and estimates relating to future events. An independent valuer will similarly rely on such future assumptions and due to the unique nature of the NT Port and Marine business there are no comparable assets to benchmark against.

The Group continues to pursue a range of development opportunities to continue the expansion of the NT Port and Marine business.

Whilst these opportunities are commercially sensitive, and some are Government sensitive, they span the increase in utilisation of the NT Port and Marine business assets primarily through:

- continual increase in utilisation of the accommodation facility located at Port Melville;
- increase in fuel sales both offshore and onshore including securing a one year take or pay fuel sale contract;
- investigation of options to fully ultilise the space capacity of the fuel storage facility at Port Meville;
- increase in revenue from laydown areas at Port Melville;
- investigation of sub-lease options for the Company's leases; and
- expansion of onshore services.

Business Development Activities
The final investment decision for the development of the Barossa LNG field may result in an increase in the asset utilisation for the NT Port and Marine business, however, the recent decrease in World fuel prices is expected to delay the commencement of this project.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed

The Board continues to monitor the development of this business which is challenging due to the current economic climate as a result of the Covid-19 pandemic and reviews the carrying value on a quarterly basis and confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

10. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

11. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Background Information

AusGroup offers a range of integrated service solutions to the energy, mining and industrial sectors across Australia and South East Asia. Our diversified service offering supports clients at all stages of their asset development and operational schedule.

Through subsidiaries AGC, MAS and NT Port and Marine, we provide maintenance, construction, access services, commissioning & handover and port & marine services. With over 29 years of experience, we are committed to partnering with our clients to build, maintain and upgrade some of the region's most challenging projects.

Our Capabilities

Maintenance Services
Our maintenance services range from breakdown maintenance to shutdowns and sustaining capital works. Through our in-house capability, we can provide any combination of skills, trades or disciplines on a long or short term basis for shutdowns and campaign maintenance. Our maintenance services include: mechanical; electrical; industrial coatings; insulation; refractory and specialist welding.

Construction
AusGroup provides focused and specialised construction capabilities including structural, mechanical, piping and installation solutions. We are able to self-perform almost all construction trades, offering efficient interface management and productivity optimisation.

Our construction expertise combines multidisciplinary construction knowledge and a first class health and safety record, to enhance project execution.

Access Services (referred to as MAS)
Our access services include scaffolding, scaffold engineering and design, rope access, labour supply, scaffolding, stock control, logistics and transportation.

Fabrication
We provide manufacturing, fabrication and testing of specialist structural, piping and modularisation packages. Our fabrication facilities are strategically located within Perth's high wide load corridor in Kwinana. With an in-house capacity to fabricate up to 30,000 tonnes of steel products per annum, we have manufactured, tested and commissioned some of Western Australia's largest fabricated steel structures.

Port and Marine Services (referred to as NT Port and Marine)
We offer logistics and marine transportation support services to the oil and gas industry, general marine and defence sectors through our NT Port and Marine business. With locations at Port Melville and East Arm Supply Base located in the Northern Territory, we can provide marine and land fuel, areas for laydown and storage, berthage and accommodation facilities.

Significant Trends & Competitive Conditions

COVID-19 Pandemic

The first effect of the pandemic has manifested in Q3 FY2020 with impacts on revenue and performance as mentioned earlier in the report. The pandemic will also have an effect on the remaining quarter of the year as the full impact of postponements in work programmes on customer determined current "non-critical work" is realised. The Group continues to focus on cash preservation and will access the assistance provided by the federal and state governments to manage through this unprecedented time. The federal government's stimulus package for the JobKeeper wage subsidies will enable the Group to retain key resources, preserving cash until the postponed "non-critical" work programmes are re-started and work flow returns to normal.

The Group will continue to monitor the developments in the COVID-19 pandemic as the lock-down measures are released allowing for a more normalised operations.

The major trends that are relevant to the industry and the Group:

- Major new LNG construction projects are now completed and these have moved into the production phase, where maintenance services will be required to maintain safe and reliable operations for the next 40+ years, providing long term and sustainable demand for the Group's service offering.
- Significant investment in the Resources sector (Iron Ore, Nickel, Gold, etc) is continuing and the Group is well placed to provide the sector with fabrication services, modularised solutions, SMP, construction, commissioning and integrated asset maintenance services.
- Increasing levels of domestic and international competition have led to continuing margin pressures creating an associated need to implement significant cost reduction initiatives whilst focusing on improving productivity, quality and delivery enhancements.
- The use of technology, productivity and innovative solutions across all aspects of the project(s) life cycle is key to adding value to customers and underpinning long term relationships and delivering predictable outcomes on plan.
- Increased demand for skilled labour is putting upward pressure on wage rates.
- Focus on core strengths, capabilities and efficiency improvements will underpin the profit generation from the Group's service offering.
- The recent downward volatility in World fuel prices as a result of the impacts from COVID-19 is likely to delay capital investment expansions in the LNG sector.

Karara Mining Limited ("KML") update

An out of court settlement was reached with KML and an agreement was reached to rescind the Appeal process with no additional effect to the Group.

General

The main priority for the Group in the short term is to focus on our core strengths of providing multi-disciplinary services of mechanical, scaffolding, insulation, refractory and fabrication services in addition to increasing the NT Port and Marine operations as this business migrates from a commercialisation phase to providing core services in the fuel sale market and the woodchip market.

Following the completion of the rights issue and share placement of S$46.4m in FY2019, additional debt to equity conversions and the extension to the maturity of the Notes by four years and the Shareholder loan by five years to 3 December 2022 and 31 October 2023 respectively, these major debt repayments are no longer due payable within one year. At 31 March 2020 the only debt due to be repaid in FY2020 is AU$10.9 million (DBS of AU$9.9m and insurance funding of AU$1.0m). Accordingly the short term focus on the Group's cashflow to meet short term debts has been substantially addressed as the Group has rescheduled the majority of its borrowings to longer term (non-current) tenure during FY2019. In Q2 FY2020 the Group secured a Revolving Credit Facility to access additional working capital to fund the Group's requirements and the Group continues to discuss additional financing facilities with our principal banker. The Group is focused on options to reduce debt further prior to the new maturity dates in 2022 and 2023 and bolster working capital to support the expansion of services to its clients.

Whilst the impact of the Covid 19 pandemic has led to delay in awards of new contracts, the forward pipeline is increasing, with core projects expected to grow in scale and complexity to provide opportunities for organic growth in the energy and process sectors.

12. Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?
None due to the working capital requirements of the Group.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?
None.

(c) Date payable
Not applicable.

(d) Books closure date
Not applicable.

13. If no dividend has been declared/recommended, a statement to that effect
No dividend has been declared or recommended.

14. IPT Mandate

There were no IPT transactions for the period.

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

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

16. Confirmation that the issuer has procured undertakings from all of its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company hereby confirms that it has procured undertakings from all of its directors and executive officers under Rule 720(1) of the Listing Manual.

ON BEHALF OF THE BOARD

Wu Yu Liang
Non-Executive Chairman

Shane Francis Kimpton
Managing Director

14 May 2020

This release contains certain statements that are not statements of historical fact, i.e. forward looking statements. Readers can identify some of these statements by forward looking terms such as “expect”, ‘believe’, ‘plan’, ‘intend’, ‘estimate’, ‘anticipate’, ‘may’, ‘will’, ‘would’, ‘could’, or similar words. However, you should note that these words are not the exclusive means of identifying forward looking statements. Forward looking statements are made based on current expectations, projections and assumptions about future events. Although AusGroup believes these expectations, projections and assumptions are reasonable at the time of making them, these forward looking statements are subject to risks (known and unknown), uncertainties and certain assumptions about AusGroup, its business operations, and the environment it operates in. Actual future performance, outcomes and results may therefore differ materially from those expressed in the forward looking statements. Representative examples of these risk factors include (without limitation) general industry and economic conditions, availability of suitably skilled workers, interest rate movements, cost of capital and capital availability, competition from other companies, shifts in customer demands, changes in operating expenses , including employee wages, benefits and training and government and public policy changes. Readers are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.