TABLE OF CONTENTS

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (1Q, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

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

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

	GROUP		+/(-)
	1Q 2019	1Q 2018	%
	AU$'000	AU$'000	
Continuing operations			
Revenue	86,557	153,746	(43.7)
Cost of sales	(78,431)	(142,353)	(44.9)
Gross profit	**8,126**	**11,393**	**(28.7)**
Gross margin	**9.4%**	**7.4%**	
Other operating income	1,479	546	170.9
Other operating costs	(1,671)	(2,958)	(43.5)
Administrative expenses	(2,932)	(2,328)	25.9
Marketing and distribution expenses	(729)	(248)	194.0
Profit from operations	**4,273**	**6,405**	**(33.3)**
Finance costs	(2,675)	(3,297)	(18.9)
Net gain on partial debt restructure	-	452	N.M.
Profit before income tax	**1,598**	**3,560**	**N.M.**
Income tax expense	(286)	(354)	(19.2)
Profit from continuing operations	**1,312**	**3,206**	(59.1)
Discontinued operations			
Loss from discontinued operations, net of tax	-	(82)	N.M.
Net profit for the period	**1,312**	**3,124**	(58.0)
Net profit %	**1.5%**	**2.0%**	
Profit / (loss) attributable to the owners of the Company:			
Profit from continuing operations	1,312	3,206	(59.1)
Loss from discontinued operations	-	(82)	N.M.
	1,312	**3,124**	(58.0)
Earnings per ordinary share attributable to equity holders of the Company (AU$ cents per share)			
- basic	0.09	0.23	
- diluted	0.09	0.23	

N.M. not meaningful

(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	GROUP		+/(-)
	1Q 2019	1Q 2018	%
	AU$'000	AU$'000	
Profit for the period	1,312	3,124	N.M.
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	(2,007)	1,165	(272.3)
Other comprehensive (loss)/income for the period	(2,007)	1,165	(272.3)
Total comprehensive (loss)/ income for the period	(695)	4,289	(116.2)

(ii) NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

A. PROFIT FROM OPERATIONS

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

	GROUP		+/(-)
	1Q 2019	1Q 2018	%
	AU$'000	AU$'000	
Other operating income			
Interest income	158	219	(27.9)
Profit on sale of property, plant and equipment	407	152	167.8
Other income	547	149	267.1
Foreign exchange gain	367	26	1,311.5
Total other operating income	**1,479**	**546**	170.9
Amortisation and Depreciation			
Depreciation of property, plant & equipment included in cost of sales	1,231	1,598	(23.0)
Amortisation of intangible assets included in cost of sales	392	312	25.6
Depreciation of property, plant & equipment included in administrative expenses	116	121	(4.1)
Amortisation of intangible assets included in administrative expenses	296	635	(53.4)
Total Amortisation and Depreciation	**2,035**	**2,666**	(23.7)
Employee share and share option scheme expense	(22)	176	(112.5)

B. FINANCE COSTS

	GROUP		+/(-)
	1Q 2019	1Q 2018	%
	AU$'000	AU$'000	
Loans	2,646	3,258	(18.8)
Bank guarantee fees	12	22	(45.5)
Finance leases and hire purchase	17	17	-
Total Finance costs	2,675	3,297	(18.9)

C. INCOME TAX EXPENSE

	GROUP		+/(-)
	1Q 2019	1Q 2018	%
	AU$'000	AU$'000	
Income tax expense	-	(87)	(100.0)
Withholding tax expense:			
- current year	(286)	(267)	7.1
	(286)	(354)	(19.2)
Tax expense relating to continuing operations	(286)	(354)	(19.2)
Total income tax expense	(286)	(354)	(19.2)

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

	Group	Group	Company	Company
	As at	As at	As at	As at
	9/30/2018	6/30/2018	9/30/2018	6/30/2018
	AU$'000	AU$'000	AU$'000	AU$'000
CURRENT ASSETS				
Cash and cash equivalents	23,160	37,846	385	63
Trade receivables	102,818	93,418	-	-
Other receivables and prepayments	7,089	8,378	650	660
Inventories	3,765	4,165	-	-
Total current assets	**136,832**	**143,807**	**1,035**	**723**
NON-CURRENT ASSETS				
Property, plant and equipment	74,295	75,584	-	-
Goodwill	10,994	10,994	-	-
Intangible assets	33,249	32,704	-	-
Due from subsidiaries	-	-	59,267	57,556
Investments in subsidiaries	-	-	84,739	82,823
Total non-current assets	**118,538**	**119,282**	**144,006**	**140,379**
Total assets	**255,370**	**263,089**	**145,041**	**141,102**
CURRENT LIABILITIES				
Trade payables	32,195	37,051	-	-
Other payables	49,792	47,725	1,025	1,709
Due to subsidiaries	-	-	8,575	8,363
Borrowings	87,266	86,770	87,266	85,756
Accruals for other liabilities and charges	5,423	10,215	-	-
Current income tax liabilities	2,005	1,945	282	295
Provisions	534	859	-	-
Total current liabilities	**177,215**	**184,565**	**97,148**	**96,123**
NON-CURRENT LIABILITIES				
Deferred income tax liabilities	1,362	1,362	-	-
Borrowings	35,176	34,172	35,176	34,172
Accruals for other liabilities and charges	1,074	1,265	-	-
Total non-current liabilities	**37,612**	**36,799**	**35,176**	**34,172**
Total liabilities	**214,827**	**221,364**	**132,324**	**130,295**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	162,647	162,647	162,647	162,647
Capital reserve	(163)	(163)	(163)	(163)
Share based payment reserve	5,438	5,460	5,438	5,460
Foreign currency translation reserve	16,222	18,229	28,063	25,891
Accumulated losses	(143,601)	(144,448)	(183,268)	(183,028)
Total equity	**40,543**	**41,725**	**12,717**	**10,807**
Total liabilities and equity	**255,370**	**263,089**	**145,041**	**141,102**

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

	9/30/2018		6/30/2018	
	AU$'000	AU$'000	AU$'000	AU$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	87,266	-	86,770	-
Amount repayable after one year	-	35,176	-	34,172

Borrowings Summary

	9/30/2018	6/30/2018
	AU$'000	AU$'000
Multi Currency Notes	75,436	73,396
DBS Term Loan - USD	11,830	12,359
Shareholder Loan	35,176	34,172
Finance leases	-	1,015
Total borrowings	122,442	120,942

Multi Currency Notes ("Notes")

At 30 September 2018 the Notes (AU$75.4 million) were classified as a current liability and are secured.

On 19th October 2018, Noteholders representing S$64.32 million or 88.41% of the principal amount of the Notes outstanding approved the restructure of the notes including an extension to the repayment date by 4 years. A total of 267 votes were cast, of which all 267 votes or 100% of the votes cast were in favour of the Extraordinary Resolution to restructure the debt.

On 29th October 2018 SGX granted its approval in-principle ("AIP") for the listing of and quotation for:

- Up to 752,402,733 Rights Shares at an issue price of S$0.035 for each Rights Share, on the basis of one (1) Rights Share for every two (2) existing Shares in the capital of the Company pursuant to the Rights Issue;
- Up to 1,050,000,000 Subscription Shares at an issue price of S$0.035 for each Subscription Share pursuant to the Proposed Placement; and
- 80,299,996 new Shares ("Redemption Shares") at an issue price of S$0.042 for each Redemption Share pursuant to the amended terms and conditions of the Notes following the passing of the Extraordinary Resolution at the Meeting (the "Proposed Issue of Redemption Shares").

The Extraordinary General Meeting to approve the issue of the aforementioned shares is scheduled for 15th November 2018.

Loans from DBS Bank Ltd

Final repayment of DBS Term loan was originally due in April 2018, however by agreement this was extended with a final repayment of US$8.0m due in December 2018. Upon the successful extension of the maturity term of the Notes the Company will discuss with its principal banker the options to extend the maturity date of this loan.

DBS also provides bank guarantee facilities to the Group to support performance bonds and financial guarantees provided to the Group's clients.

The Group has breached certain covenants on its major debt facilities during the quarter; however, it has received waivers for these breaches from its principal banker.

Loans from related party (shareholder loan)

The repayment date of loans from Ezion Holdings Limited ("Ezion") are until after 31 October 2023 hence the loans are classified as non-current. At 30 September 2018 the amount owing on the loan by the Company to Ezion was AU$35.2 million (30 June 2018: AU$34.2 million) and is unsecured.

Surety bond facility from Vero

The Group holds a AU$30 million 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 1Q 2019 AU$'000	GROUP 1Q 2018 AU$'000
Cash flows from operating activities		
Profit after taxation	1,312	3,124
Add / (less) adjustments for:		
Depreciation of property, plant and equipment	1,347	1,719
Amortisation of intangible assets	688	947
Employee share and share option scheme expense	(22)	62
Net foreign exchange differences	(1,206)	1,143
Profit on disposal of property, plant and equipment	(407)	(152)
Gain on partial debt restructure	-	(452)
Interest income	(158)	(219)
Finance costs	2,675	3,297
Income tax expense	286	354
Operating cash flows before working capital changes	**4,515**	**9,823**
Changes in operating assets and liabilities		
Trade receivables	(9,865)	293
Other receivables and prepayments	1,289	1,759
Inventories	400	(780)
Trade payables	(4,855)	8,577
Accruals and other payables	(3,304)	18,183
Cash (used in) / generated from operations	**(11,820)**	**37,855**
Interest paid	(2,088)	(2,309)
Interest received	158	219
Income tax paid	(244)	(203)
Net cash (used in) / generated from operating activities	**(13,994)**	**35,562**
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,804	676
Purchase of property, plant and equipment	(430)	(2,407)
Release of restricted cash	-	2,000
Net cash generated from investing activities	**1,374**	**269**

1(c) Consolidated Statement of Cash Flows (continued)	**GROUP 1Q 2019 AU$'000**	**GROUP 1Q 2018 AU$'000**
Cash flows from financing activities		
Repayment of finance leases	(1,015)	(1,103)
Repayment of borrowings	(820)	(15,951)
Net cash used in financing activities	**(1,835)**	**(17,054)**
Net (decrease)/increase in cash and cash equivalents	**(14,455)**	**18,777**
Effect of exchange rate changes	(231)	173
Movement in cash and cash equivalents for the period	**(14,686)**	**18,950**
Cash and cash equivalents at beginning of period	36,596	21,951
Cash and cash equivalents at end of period	**21,910**	**40,901**
Cash and cash equivalents represented by:		
Cash and cash equivalents	23,160	50,801
**Restricted cash	(1,250)	(9,900)
Balance per consolidated statement of cash flows	**21,910**	**40,901**

**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

	SHARE CAPITAL	CAPITAL RESERVE	SHARE BASED PAYMENT RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
Group	**AU$'000**	**AU$ '000**	**AU$'000**	**AU$'000**	**AU$'000**	**AU$'000**
1Q 2019						
Balance as at 1 July 2018	162,647	(163)	5,460	18,229	(144,448)	41,725
Adoption of new/revised SFRS(I)9	-	-	-	-	(465)	(465)
Restated balance as at 1 July 2018	162,647	(163)	5,460	18,229	(144,913)	41,260
Profit for the period	-	-	-	-	1,312	1,312
Other comprehensive loss	-	-	-	(2,007)	-	(2,007)
Transactions with owners in their capacity as owners						
Share based payment expense	-	-	(22)	-	-	(22)
Balance as at 30 September 2018	**162,647**	**(163)**	**5,438**	**16,222**	**(143,601)**	**40,543**
1Q 2018						
Balance as at 1 July 2017	156,285	(163)	5,183	19,917	(157,924)	23,298
Profit for the period	-	-	-	-	3,124	3,124
Other comprehensive income	-	-	-	1,165	-	1,165
Transactions with owners in their capacity as owners						
Issue of ordinary shares through partial debt restructure	2,228	-	-	-	-	2,228
Share based payment expense	-	-	62	-	-	62
Balance as at 30 September 2017	**158,513**	**(163)**	**5,245**	**21,082**	**(154,800)**	**29,877**
Company						
1Q 2019						
Balance as at 1 July 2018	162,647	(163)	5,460	25,891	(183,028)	10,807
Loss for the period	-	-	-	-	(240)	(240)
Other comprehensive income	-	-	-	2,172	-	2,172
Transactions with owners in their capacity as owners						
Share based payment expense	-	-	(22)	-	-	(22)
Balance as at 30 September 2018	**162,647**	**(163)**	**5,438**	**28,063**	**(183,268)**	**12,717**
1Q 2018						
Balance as at 1 July 2017	156,285	(163)	5,183	25,009	(165,247)	21,067
Loss for the period	-	-	-	-	(2,200)	(2,200)
Other comprehensive income	-	-	-	1,297	-	1,297
Transactions with owners in their capacity as owners						
Issue of ordinary shares through partial debt restructure	2,228					2,228
Share based payment expense	-	-	62	-	-	62
Balance as at 30 September 2017	**158,513**	**(163)**	**5,245**	**26,306**	**(167,447)**	**22,454**

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

	30 September 2018	30 June 2018
Number of issued shares		
Opening balance	1,504,805,466	1,364,047,515
Issuance of shares	-	140,757,951
Closing balance	1,504,805,466	1,504,805,466

As at 30 September 2018 there were no outstanding options (30 June 2018: Nil) for unissued ordinary shares under the employee share option scheme.

As at 30 September 2018 there were no outstanding rights (30 June 2018: Nil) that may potentially be converted to shares under the employee share scheme.

As at 30 September 2018 and 30 June 2018 respectively there were no treasury shares held by the Company.

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

	30 September 2018	30 June 2018
Number of issued shares	1,504,805,466	1,504,805,466

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 2018.

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

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group has adopted the new SFRS (I) framework in 2018 and concurrently applied the following SFRS (I)s, interpretations of SFRS(I) and requirements of SFRS (I) which are mandatorily effective from 1 January, 2018.

- SFRS(I) 1 First-time adoption of Singapore Financial Reporting Standards (International)
- SFRS(I) 15 Revenue from Contracts with Customers which includes the clarifications to IFRS 15 Revenue from Contracts with Customers issued by the IASB in April 2016
- SFRS(I) 9 Financial Instruments

(i) Adoption of SFR(I) 1

SFRS(I) 1 is effective for financial years beginning on or after 1 January 2018. The Group has elected not to adopt the optional exemption(s). Therefore, there will be no restatement required.

(ii) Adoption of SFRS(I) 15

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively with a practical expedient approach, applied to completed contracts.

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Based on the management assessment, the adoption of SFRS(I) 15 has no material impact to the Group's and the Company's financial statements in the year of initial application, therefore, there will be no restatement required.

(iii) Adoption of SFRS(I) 9

SFRS(I) 9 is effective for financial years beginning on or after 1 January 2018. The Group has elected to apply the short-term exemption under SFRS(I) 1, which exempts the Group from applying SFRS(I) 9 to comparative information.

SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. SFRS(I) 9 also introduces expanded disclosure requirements and changes in presentation.

1) Classification and measurement
The Group has assessed the business models for managing the financial assets and the contractual cash flow characteristics of the financial assets to determine the appropriate classification for each financial asset under SFRS(I) 9.

2) Impairment of financial assets
Financial assets are subject to expected credit loss impairment model under SFRS(I) 9. Under the new approach, the Company would be required to recognise the impairment loss based on a probability-weighted estimate of credit losses.

The following summarises the effects on the Group's and the Company's statement of financial position as of 1 July 2018.

Group (AU$'000)	1-Jul-18	SFRS(I)9	1-Jul-18 (restated)
CURRENT ASSETS			
- Trade receivables	93,418	(465)	92,953
EQUITY			
- Accumulated losses	(144,448)	(465)	(144,913)

The assessment made by the Group is preliminary as not all transition work requirements have been finalised and therefore may be subject to adjustments.

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

	GROUP 1Q 2019 AU$'000	GROUP 1Q 2018 AU$'000
Profit attributable to owners of the Company	1,312	3,124
Profit attributable to owners of the Company - continuing operations	1,312	3,206
Weighted average number of ordinary shares in issue applicable to earnings ('000)	1,504,805	1,374,697
Fully diluted number of ordinary shares ('000)	1,504,805	1,374,890
Earnings per ordinary share (AU cents)		
- Basic	0.09	0.23
- Diluted	0.09	0.23
Earnings per ordinary share (AU cents) - continuing operations		
- Basic	0.09	0.23
- Diluted	0.09	0.23

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 9/30/2018 AU$'000	GROUP 6/30/2018 AU$'000
Net assets	40,543	41,725
Net asset value per ordinary share based on issued share capital at the end of the respective periods (AU cents)	2.7	2.8

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 30 September 2018 of 1,504,805,466 ordinary shares (30 June 2018: 1,504,805,466).

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 first quarter of FY2019 decreased by 43.7% to AU$86.6m (1Q FY2018: AU$153.7m) mainly due to the completion of major project work in the previous period.

Cost of sales for the first quarter of FY2019 decreased by 44.9% to AU$78.4m (1Q FY2018: AU$142.4m). The reduction in costs of sales was in line with the level of operating activity resulting from the completion of the major projects in the previous period.

Gross profit decreased by 28.7% to AU$8.1m for the first quarter of FY2019 (1Q FY2018: AU$11.4m) again due to the drop in activity following the completion of the major projects. Gross profit margin for the first quarter of FY2019 was 9.4%, an improvement of 2% compared to Q1 FY2018 resulting from operating efficiencies across business sectors.

Other operating costs combined with administrative expenses and marketing and distribution expenses decreased in the first quarter of FY2019 by 3.6% on a comparable basis to AU$5.3m (1Q FY2018: AU$5.5m).

Finance costs for the first quarter FY2019 were AU$2.7m, a decrease of 18.9% from Q1 FY2018, mainly as a result of the reduced outstanding balance on external bank debt that was repaid in FY2018.

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

Net profit after tax from continuing activities for Q1 FY2019 was AU$1.3m, reflecting the reduction in operating activity, however, overall net profit margins of 1.5% are comparable with the result in Q1 FY2018 (2.0%).

B Balance Sheet

Assets

Cash and bank balances decreased by AU$14.7m to AU$23.1m at 30 September 2018 (30 June 2018: AU$37.8m), mainly due to timing delays in cash receipts from current project activities.

Trade receivables balance increased by AU$9.4m since 30 June 2018 to AU$102.8m at 30 September 2018.

Current other receivables and prepayments balance decreased by AU$1.3m to AU$7.1m at 30 September 2018, mainly as a result of repayment for the annual insurance renewal.

Inventories decreased by AU$0.4m since 30 June 2018, with the majority of inventory now related to marine fuel for sale by the NT Port and Marine business.

Non-current assets balance decreased AU$0.7m since 30 June 2018 to AU$118.5m with no significant changes from the previous period.

Liabilities

The trade payables balance decreased by AU$4.9m since 30 June 2018 to AU$32.2m at 30 September 2018 in line with the decrease in work on the core projects in the energy and process sectors.

Other payables increased by AU$2.1m since 30 June 2018 to AU$49.8m mainly due to timing in the settlement of statutory payroll-related liabilities. Current accruals for other liabilities balance mainly consisted of accruals for annual leave, rostered day off, sick leave and current long service leave. The current accrual balance decreased by AU$4.8m from 30 June 2018 resulting from a decreased workforce required for the work on the core projects in the energy and process sectors. Non-current accruals comprised long-term long service leave balance.

Total borrowings increased overall by AU$1.5m since 30 June 2018 to AU$122.4m mainly due to the adverse effect of movements in foreign exchange rates.

As at 30 September 2018, the Group was in a net current liability position of AU$40.3m and net assets were AU$40.5m. The Group has sufficient cash resources and banking facilities available to meet the financing needs of its operations, please refer to page 19 for details on going concern.

C Review of Statement of Cash Flows

Operating activities of the Group generated net cash outflows of AU$14.0m for Q1 FY2019 a decrease from the corresponding quarter on FY2018 mainly due to timing delays on the receipt of project payments and the completion of major project work in the prior periods.

Net cash inflows of AU$1.4m occurred from investing activities in Q1 FY2019 due to the net inflow of AU$1.4m from disposals and purchases of property, plant and equipment in the period.

In relation to the Group's financing activities, movement in the cash flow for FY2018 mainly constituted repayments of debt facilities for bank external debt.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of AU$14.7m to AU$21.9m at 30 September 2018 since Q4 FY2018. Note this amount includes the effect of the restricted cash balance of AU$1.3 million for the purposes of the cash flow statement.

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

Not applicable.

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

Background Information

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

Through subsidiaries AGC, MAS and NT Port and Marine, we provide maintenance, construction, access services, fabrication and manufacturing and port & marine services including marine fuel storage, distribution and sale. With over 29 years of experience, we are committed to partnering our clients to build, maintain and upgrade some of the region's most challenging projects in a safe environment.

Our Capabilities

Maintenance Services (Integrated Services)
Our maintenance services include long-term specialist support, campaign shutdowns / turnarounds and the management of all maintenance services. We offer mechanical, piping, painting, insulation, refractory, sheetmetal and fireproofing.

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

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

Fabrication and Manufacturing
Our services in this business unit includes manufacturing, fabrication and testing of specialist structural, piping and modularisation packages.

Port and Marine Services
Our port and marine business include marine supply bases, port operations and fuel distribution.

Significant Trends & Competitive Conditions

The major themes confronting the industry and the Group:

- Major new LNG construction projects are nearing completion and moving into the long term production phase requiring maintenance services over the +40 year project lives providing long term and sustainable demand for the Group's service offering.
- Significant investment in the Resources sector (Iron Ore, Lithium, Gold, etc) has commenced and AusGroup is well placed to fabricate, modularise, construct and maintain.
- Increasing levels of domestic and international competition have led to continuing margin pressures creating an associated need to implement significant cost reduction initiatives.
- The use of technology and innovation in project execution is key to embedding long term relationships with clients and delivering ongoing predictable earnings.
- Focus on core strengths and capabilities will underpin the profit generation from the Group's service offering.

Karara Mining Limited ("KML") update

Action is ongoing in the Supreme Court of Western Australia in relation to claims submitted to Karara Mining Limited ("KML") by AGC Industries Pty Limited ("AGCI"), a wholly owned subsidiary of the Group, in relation to its contracted works completed in 2013. The decision by the judge is still pending. Included in trade receivables is management's best estimate of the amounts expected to be recovered.

General

The Group has work in hand to the value of AU$165.1m as at 30 September 2018.

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.

The forward pipeline is growing, with core projects expected to grow in scale and complexity to provide opportunities for organic growth in the energy and process sectors.

On 2 June 2017 the Singapore Exchange Securities Trading Limited (the "SGX-ST") notified the Company that pursuant to the Minimum Trading Price ("MTP") Entry Criteria under the SGX-ST's Listing Manual Rule 1311(2), it will be placed on the watch-list. Listing Manual Rule 1315 requires the Company to take active steps to meet the requirements of Listing Rule 1314(2) within 36 months from the date it is placed on the watch-list, failing which the SGX-ST may either remove the Company from the Official List, or suspend trading of the listed securities of the Company with a view to removing the Company from the Official List. The Company continues to consider options that will be the most beneficial to the interests of the Company's shareholders to address this SGX requirement.

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its obligations as and when they fall due.

The Group recognised a net profit after tax of AU$1.3m for the quarter and as at that date total assets exceed total liabilities by AU$40.3m. The Group has breached certain covenants on its major debt facilities during the quarter; however, it has received waivers for these breaches from its principal banker.

<u>Cashflow forecasts</u>

As part of the assessment of going concern, management has reviewed the Group's cash flow forecasts over the period to 30 December 2019, including sensitivities. These forecasts represent management's best estimate of revenues and costs in the coming periods and include cash inflows from: work already awarded to the Group; revenue growth expected from the Group's existing contracts and client base and growth from securing work from new and existing clients through a competitive tender process. Whilst these forecasts contain some uncertainty relating to future events, management remains confident that sufficient new work will be secured in order to meet the Group's targets.

The placement and rights issue will raise a minimum of S$41.7m which will be used to partially redeem the Notes (S$21m) and inject S$19m of working capital.

Management has assessed the options available in order to ensure that sufficient cash flow is in place to enable the Group to meet its obligations as they fall due.

Management's plans to address these uncertainties

Re-negotiation of debt facilities and debt reduction

The Company has obtained the noteholders' approval to the extension of the maturity date for the Notes (refer to further details on page 6).

The Company finalised an agreement with the Company's major shareholder, Ezion Holdings Limited during the quarter, to extend the term of its current shareholder loan by 5 years to October 2023 at a reduced coupon rate. The extension in the term and reduction in interest terms will provide additional financial stability and extend the debt profile of the Company.

The Group's indebtedness to DBS has decreased by AU$0.6 million over Q1 FY2019 (from AU$12.4m at 30 June 2018 to AU$11.8m at 30 September 2018). The Group is in discussions with its principal banker to extend the term of the outstanding loan which has been agreed to be 14th December 2018 pending the finalisation of the extension of the MTN programme. Upon the successful extension of the maturity term of the Notes the Company will discuss with its principal banker the options to extend the maturity date of this loan.

The completion of the above transactions will significantly extend the repayment terms for the Group's borrowings at reduced interest servicing levels improving the Group's financial strength which will further improve by reducing debt by at least AU$21.5 million post completion of a Share Placement (refer below).

Share Placement and Rights Issue

On 29 March 2018 the Group announced the placement of 1,050,000,000 shares at AU$0.034 per share (S$0.035) to raise AU$36.3m (S$36.8m). The funds raised will be used to retire debt (AU$21m) and provide working capital to the Company. In addition, the Company also announced a proposed rights issue of one (1) rights share for every two (2) existing shares which may raise up to AU$26.0m (S$26.3m). The Extraordinary General Meeting to approve the issue of the shares is scheduled for 15th November 2018.

SGX-ST had on 29 October 2018 granted its approval in-principle for the share placement and right issue subject to shareholders' approval and compliance with the SGX-ST's listing requirement.

AusGroup continues to focus on options to reduce debt and bolster working capital to support the expansion of services to its clients.

Preparation of the financial report on a going concern basis

Until the matters outlined above have been approved by the shareholders and Noteholders respectively and the share placement and rights issue is completed, there is some uncertainty that may cast doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, after assessing the above factors and the agreement of the Noteholders to restructure the Notes (refer page 6 for further details), the directors consider that the Group continues to be able to meet its obligations as and when they fall due based on:

- the forecasted cashflow from the Group to 31 December 2019 including the expected revenue from existing customers and contracts, the expected growth in cashflow from existing customers and contracts and the expected successful conversion of current market tendering opportunities into future revenues;
- the proposal to re-structure the terms of the Notes which was approved following a vote in October 2018;

- the proposed capital funding of up to S$63.1 million from the subscription agreements and rights issue announced on SGX-ST in March 2018 and April 2018 being completed;
- the current and potential funding facilities available to the Group;
- alternatives for the Group to restructure and potentially extend its current debt facilities;
- the options over the potential divestment of assets or businesses which may be realised to extinguish the Group's debt obligations.

Accordingly, the directors have prepared the report on a going concern basis.

11. Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?
None.

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

(c) Date payable
Not applicable.

(d) Books closure date
Not applicable.

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

13. IPT Mandate

Name of interested person	Aggregate value of all interested person transactions during first quarter of FY2018 under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of SGX-ST Listing Manual during first quarter of FY2018 (excluding transactions less than S$100,000)
Ezion Holdings Limited (expense)	N/A	*AUD$174,897

* The balance in the quarter consisted only of interest charges on a loan balance held with Ezion Holdings Limited.

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

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

15. 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

Shane Francis Kimpton
CEO and Executive Director

Eng Chiaw Koon
Managing Director

14 November 2018

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.