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

	GROUP		+ / (-) %	GROUP		+ / (-) %
	4Q 2020 AU\$'000	4Q 2019* AU\$'000		FY 2020 AU\$'000	FY 2019* AU\$'000	
<u>Continuing operations</u>						
Revenue	37,965	75,038	(49.4)	262,789	286,250	(8.2)
Cost of sales	(40,312)	(77,156)	(47.8)	(251,262)	(265,148)	(5.2)
Gross (loss)/profit	<u>(2,347)</u>	<u>(2,118)</u>	10.8	<u>11,527</u>	<u>21,102</u>	(45.4)
Gross margin	-6.2%	-2.8%		4.4%	7.4%	
Other operating income	658	6,052	(89.1)	1,420	9,291	(84.7)
Other operating costs	(3,677)	(2,985)	23.2	(10,096)	(13,086)	(22.8)
**Administrative expenses	(3,924)	(4,439)	(11.6)	(8,397)	(11,248)	(25.3)
Marketing and distribution expenses	(226)	(507)	(55.4)	(1,328)	(2,219)	(40.2)
(Loss)/profit from operations	<u>(9,516)</u>	<u>(3,997)</u>	138.1	<u>(6,874)</u>	<u>3,840</u>	N.M.
*Finance (costs)/income	(1,412)	4,150	(134.0)	(5,791)	(1,506)	N.M.
Net gain on partial debt restructure	-	288	(100.0)	-	854	(100.0)
(Loss)/profit before income tax	<u>(10,928)</u>	<u>441</u>	N.M.	<u>(12,665)</u>	<u>3,188</u>	N.M.
Income tax expense	(80)	(410)	(80.5)	(917)	(1,226)	(25.2)
(Loss)/profit from continuing operations	<u>(11,008)</u>	<u>31</u>	N.M.	<u>(13,582)</u>	<u>1,962</u>	N.M.
<u>Discontinued operations</u>						
Profit/(loss) from discontinued operations, net of tax	3,811	(120)	N.M.	3,940	337	N.M.
Net (loss)/profit for the period	<u>(7,197)</u>	<u>(89)</u>		<u>(9,642)</u>	<u>2,299</u>	
Net (loss)/profit %	-19.0%	-0.1%		-3.7%	0.8%	
(Loss)/earnings per ordinary share attributable to equity holders of the Company (AU\$ cents per share)						
- basic	(0.24)	0.00	N.M.	(0.32)	0.10	N.M.
- diluted	(0.24)	0.00	N.M.	(0.32)	0.10	N.M.

* Prior periods' consolidated statement of comprehensive income and accompanying notes have been represented following dissolution of subsidiaries being classified as discontinued operations. Refer to note 5 for further details.

**The amount includes the effect of adoption of SFRS(I) 16.

N.M. not meaningful

1(a) (i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	GROUP		+ / (-) %	GROUP		+ / (-) %
	4Q 2020 AU\$'000	4Q 2019* AU\$'000		FY 2020 AU\$'000	FY 2019* AU\$'000	
(Loss)/profit for the period	(7,197)	(89)	N.M.	(9,642)	2,299	N.M.
Items that are or may be reclassified subsequently to profit or loss:						
Currency translation differences - current year	5,978	2,003	N.M.	13	678	(98.1)
Currency translation differences - dissolved entities	(3,814)	-	N.M.	(3,814)	-	N.M.
Other comprehensive income/(loss) for the period	2,164	2,003	N.M.	(3,801)	678	(660.6)
Total comprehensive (loss)/income for the period	<u>(5,033)</u>	<u>1,914</u>	N.M.	<u>(13,443)</u>	<u>2,977</u>	N.M.

1(a)(ii) NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
A. PROFIT/(LOSS) FROM OPERATIONS

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

	GROUP		+ / (-) %	GROUP		+ / (-) %
	4Q 2020 AU\$'000	4Q 2019* AU\$'000		FY 2020 AU\$'000	FY 2019* AU\$'000	
Other operating income						
Interest income	21	54	(61.1)	95	354	(73.2)
Profit/(loss) on sale of property, plant and equipment	471	(447)	(205.4)	922	1,043	(11.6)
Other income	289	461	(37.3)	537	1,118	(52.0)
Bad debts recovery	-	440	(100.0)	-	440	(100.0)
Recovery of costs incurred from related party	-	6,000	(100.0)	-	6,000	(100.0)
Foreign exchange (loss)/gain	(123)	(456)	N.M.	(134)	336	N.M.
Total other operating income	<u>658</u>	<u>6,052</u>	(89.1)	<u>1,420</u>	<u>9,291</u>	(84.7)
Amortisation and depreciation						
Depreciation of property, plant & equipment included in cost of sales	548	1,140	(51.9)	3,499	5,103	(31.4)
Depreciation of right-of-use assets included in cost of sales**	322	-	N.M.	832	-	N.M.
Amortisation of intangible assets included in cost of sales	200	83	141.0	799	799	N.M.
Depreciation of property, plant & equipment included in administrative expenses	387	392	(1.3)	1,624	729	122.8
Depreciation of right-of-use assets included in administrative expenses**	360	-	N.M.	1,652	-	N.M.
Amortisation of intangible assets included in administrative expenses	98	35	180.0	384	149	157.7
Total amortisation and depreciation	<u>1,915</u>	<u>1,650</u>	16.1	<u>8,790</u>	<u>6,780</u>	29.6

**The amount includes the effect of adoption of SFRS(I) 16.

N.M. not meaningful

1(a) (ii) NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
A. PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)

	GROUP			GROUP		
	4Q 2020	4Q 2019*	+ / (-) %	FY 2020	FY 2019*	+ / (-) %
	AU\$'000	AU\$'000		AU\$'000	AU\$'000	
Employee share and share option scheme expense	106	-	N.M.	410	(22)	N.M.
Redundancy cost associated with the effects of COVID-19	1,253	-	N.M.	1,946	-	N.M.
Impairment of receivables	484	310	56.1	900	4,335	N.M.
Allowance for foreseeable contract losses	-	4,239	N.M.	-	4,239	N.M.
Federal Government subsidy for Covid-19 relief						
Subsidy in cost of sales	2,058	-	N.M.	2,058	-	N.M.
Subsidy included in administrative expenses	612	-	N.M.	612	-	N.M.
Total Federal Government subsidy for Covid-19 relief	2,670	-	N.M.	2,670	-	N.M.

B. FINANCE COSTS / (INCOME)

	4Q 2020	4Q 2019*	%	FY 2020	FY 2019*	%
	AU\$'000	AU\$'000		AU\$'000	AU\$'000	
Note interest	717	506	(5.7)	2,684	4,070	(34.1)
Bank and shareholder loan interest	284	760	317.6	889	2,720	(67.3)
Bank fess	51	68	(100.9)	138	151	(8.6)
Remission of interest charges	-	(5,520)	(100.0)	-	(5,520)	(100.0)
Bank guarantee fees	65	36	80.6	251	79	N.M.
Lease-related interest expenses - SFRS(I)16 (Note 5)	283	-	N.M.	1,035	-	N.M.
Foreign exchange loss on shareholder loan	12	-		794	-	
Finance leases and hire purchase	-	-	N.M.	-	6	N.M.
Total finance costs / (income)	1,412	(4,150)	N.M.	5,791	1,506	N.M.

C. INCOME TAX EXPENSE

	GROUP			GROUP		
	4Q 2020	4Q 2019		FY 2020	FY 2019	
	AU\$'000	AU\$'000		AU\$'000	AU\$'000	
Income tax expense						
- current year	-	(103)	(100.0)	-	(103)	(100.0)
Withholding tax expense:						
- current year	(80)	(307)	(73.9)	(917)	(1,123)	(18.3)
	(80)	(410)	(80.5)	(917)	(1,226)	(25.2)
Income tax expense percentage (%)	-0.7%	127.7%		-7.3%	34.8%	
Tax expense	(80)	(410)	(80.5)	(917)	(1,226)	(25.2)
Total income tax expense	(80)	(410)	(80.5)	(917)	(1,226)	(25.2)

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 As at 30/06/2020 AU\$'000	Group As at 30/06/2019 AU\$'000	Company As at 30/06/2020 AU\$'000	Company As at 30/06/2019 AU\$'000
CURRENT ASSETS				
Cash and cash equivalents	22,801	17,173	563	3,442
Trade receivables	35,242	65,388	-	-
Other receivables and prepayments	4,711	4,486	760	689
Inventories	3,880	1,735	-	-
Total current assets	66,634	88,782	1,323	4,131
NON-CURRENT ASSETS				
Property, plant and equipment	93,869	85,084	-	-
Goodwill	10,994	10,994	-	-
Intangible assets	33,559	34,121	-	-
Other receivables and prepayments	864	-	-	-
Due from subsidiaries	-	-	66,439	61,941
Investments in subsidiaries	-	-	87,657	88,261
Total non-current assets	139,286	130,199	154,096	150,202
Total assets	205,920	218,981	155,419	154,333
CURRENT LIABILITIES				
Trade payables	6,108	15,579	-	-
Other payables	21,188	22,750	755	766
Due to subsidiaries	-	-	11,485	8,196
Borrowings	7,214	7,306	4,996	6,928
Lease liabilities - SFRS(l) 16 (Note 5)	1,853	-	-	-
Accruals for other liabilities and charges	2,665	5,115	-	-
Current income tax liabilities	104	851	359	310
Provisions	-	166	-	-
Total current liabilities	39,132	51,767	17,595	16,200
NON-CURRENT LIABILITIES				
Deferred income tax liabilities	627	736	-	-
Borrowings	68,182	67,611	67,751	67,611
Lease liabilities - SFRS(l) 16 (Note 5)	12,349	-	-	-
Accruals for other liabilities and charges	746	950	-	-
Total non-current liabilities	81,904	69,297	67,751	67,611
Total liabilities	121,036	121,064	85,346	83,811
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	216,349	216,349	216,349	216,349
Capital reserve	(163)	(163)	(163)	(163)
Share-based payment reserve	5,848	5,438	5,848	5,438
Foreign currency translation reserve	15,106	18,907	27,564	27,918
Accumulated losses	(152,256)	(142,614)	(179,525)	(179,020)
Total equity	84,884	97,917	70,073	70,522
Total liabilities and equity	205,920	218,981	155,419	154,333

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

	30/06/2020		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	7,214	-	7,306	-
Amount repayable after one year	41,701	26,481	41,885	25,726

Borrowings Summary

	30/06/2020	30/06/2019
	AU\$'000	AU\$'000
Multi Currency Notes	41,270	41,308
DBS Term Loan - USD	-	-
DBS Term Loan - AUD	4,996	7,505
Shareholder Loan	26,481	25,726
Insurance / software funding	2,649	378
Total borrowings	75,396	74,917

Multi Currency Notes ("Notes")

The Notes (AU\$41.3m) are a non-current liability and are secured.

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

In Q2 FY2020 the Company secured a Revolving Credit Facility ("RCF") from DBS bank and at 30 June 2020 \$5.0 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 December 2020. With 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.

Loan from related party (shareholder loan)

The repayment date of the loan from Ezion Holdings Limited ("Ezion") is until after 31 October 2023 hence the loan is classified as a non-current liability. At 30 June 2020 the amount owing on the loan by the Company to Ezion was AU\$26.5m (30 June 2019: AU\$25.7m) and is unsecured. The shareholder loan increased by AU\$0.8m in FY2020 due primarily to the capitalisation of interest expenses during the year.

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. At 30 June 2020, \$14.2m (30 June 2019: AU\$12.6 m) was drawn under this facility.

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 4Q 2020 AU\$'000	GROUP 4Q 2019 AU\$'000	GROUP FY 2020 AU\$'000	GROUP FY 2019 AU\$'000
Cash flows from operating activities				
(Loss) / profit after taxation	(7,197)	(89)	(9,642)	2,299
Add / (less) adjustments for:				
Depreciation of property, plant and equipment	935	1,532	5,123	5,832
Amortisation of intangible assets	298	118	1,183	948
Depreciation of right-of-use assets	682	-	2,484	-
Employee share and share option scheme expense	106	-	410	(22)
Impairment loss on trade receivables and contract assets	484	310	900	4,335
Bad debts recovery	-	(862)	-	(862)
Foreign exchange gain arisen from dissolution	(3,814)	-	(3,814)	-
Allowance for foreseeable contract losses	-	4,239	-	4,239
Net foreign exchange differences	(581)	(166)	449	(854)
(Profit) / loss on disposal of property, plant and equipment	(471)	477	(922)	(1,013)
Gain on partial debt restructure	-	(288)	-	(854)
Recovery of costs incurred from related party	-	(6,000)	-	(6,000)
Interest income	(21)	(54)	(95)	(354)
Finance costs / (income)	1,409	(4,088)	5,791	1,564
Income tax expense	80	410	917	1,226
Operating cash flows before working capital changes	(8,090)	(4,461)	2,784	10,484
Changes in operating assets and liabilities				
Trade receivables and contract assets	36,792	36,083	29,246	24,092
Other receivables and prepayments	(859)	3,512	(1,089)	3,892
Inventories	545	1,213	(2,146)	2,430
Trade payables and other payables	(5,960)	(15,653)	(9,471)	(25,710)
Accruals	(4,918)	(20,771)	(4,964)	(36,109)
Cash generated from / (used in) operations	17,510	(77)	14,360	(20,921)
Interest paid	(869)	(1,348)	(4,377)	(6,884)
Interest received	21	54	95	354
Income tax paid	(351)	(203)	(1,188)	(1,019)
Net cash generated from / (used in) operating activities	16,311	(1,574)	8,890	(28,470)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	729	934	1,523	4,443
Purchase of property, plant and equipment	52	(3,480)	(720)	(4,783)
Purchase of intangible assets	(543)	(316)	(623)	(655)
Net cash generated from / (used in) investing activities	238	(2,862)	180	(995)

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

	GROUP 4Q 2020 AU\$'000	GROUP 4Q 2019 AU\$'000	GROUP FY 2020 AU\$'000	GROUP FY 2019 AU\$'000
Cash flows from financing activities				
Repayment of insurance / software funding	(1,816)	(760)	(8,819)	(2,868)
Proceeds from insurance / software funding	3,452	452	11,090	2,232
Proceeds from borrowings	-	-	7,500	-
Repayment of borrowings	(4,858)	(2,295)	(10,169)	(37,034)
Proceeds from issue of share capital	-	-	-	46,350
Payment of lease liabilities	(853)	-	(3,112)	-
Release / (withholding) of restricted cash	1,000	(213)	1,000	(1,463)
Net cash (used in) / generated from financing activities	(3,075)	(2,816)	(2,510)	7,217
Net increase / (decrease) in cash and cash equivalents	13,474	(7,252)	6,560	(22,248)
Effect of exchange rate fluctuations on cash held	(47)	(140)	68	112
Net increase / (decrease) in cash held	13,427	(7,392)	6,628	(22,136)
Cash and cash equivalents at beginning of period	7,661	21,852	14,460	36,596
Cash and cash equivalents at end of period	21,088	14,460	21,088	14,460
Cash and cash equivalents represented by				
Cash and bank balances	22,801	17,173	22,801	17,173
*Restricted cash	(1,713)	(2,713)	(1,713)	(2,713)
Total cash and cash equivalents at end of period	21,088	14,460	21,088	14,460

*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 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
Group						
FY 2020						
Balance as at 1 July 2019	216,349	(163)	5,438	18,907	(142,614)	97,917
Loss for the year	-	-	-	-	(9,642)	(9,642)
Other comprehensive loss	-	-	-	(3,801)	-	(3,801)
Share-based payment expense	-	-	410	-	-	410
Balance as at 30 June 2020	216,349	(163)	5,848	15,106	(152,256)	84,884
FY 2019						
Balance as at 1 July 2018	162,647	(163)	5,460	18,229	(144,448)	41,725
Adoption of new/revised SRRS(l)9	-	-	-	-	(465)	(465)
Restated balance as at 1 July 2018	162,647	163	5,460	18,229	(144,913)	41,260
Profit for the year	-	-	-	-	2,299	2,299
Other comprehensive income	-	-	-	678	-	678
Issue of ordinary shares	54,106	-	-	-	-	54,106
Share issue expenses	(404)	-	-	-	-	(404)
Share-based payment expense	-	-	(22)	-	-	(22)
Balance as at 30 June 2019	216,349	(163)	5,438	18,907	(142,614)	97,917
Company						
FY 2020						
Balance as at 1 July 2019	216,349	(163)	5,438	27,918	(183,028)	70,522
Loss for the year	-	-	-	-	(505)	(505)
Other comprehensive loss	-	-	-	(354)	-	(354)
Share-based payment expense	-	-	410	-	-	410
Balance as at 30 June 2020	216,349	(163)	5,848	27,564	(183,533)	70,073
FY 2019						
Balance as at 1 July 2018	162,647	(163)	5,460	25,891	(183,028)	10,807
Profit for the year	-	-	-	-	4,008	4,008
Other comprehensive income	-	-	-	2,027	-	2,027
Issue of ordinary shares	54,106	-	-	-	-	54,106
Share issue expenses	(404)	-	-	-	-	(404)
Share-based payment expense	-	-	(22)	-	-	(22)
Balance as at 30 June 2019	216,349	(163)	5,438	27,918	(183,028)	70,522

- 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-Jun-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	<u>3,048,230,431</u>	<u>3,048,230,431</u>
	30-Jun-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	<u>216,349</u>	<u>216,349</u>

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

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

As at 30 June 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 \$106,000 provided in Q4 FY2020 and \$410,000 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

	30 June 2020	30 June 2019
Number of issued shares	<u>3,048,230,431</u>	<u>3,048,230,431</u>

- 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:

	30/06/2020	1/07/2019
	\$'000	\$'000
Additional lease commitments from adopting SFRS(I)16		15,459
Lease liability recognised as at 1 July 2019		<u>15,459</u>
	<u>14,202</u>	<u>15,459</u>
Comprising:		
Current	1,853	1,937
Non-current	12,349	13,522
Total	<u>14,202</u>	<u>15,459</u>
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.		
	<u>13,795</u>	<u>15,459</u>
Property	13,795	15,459
Total right-of-use assets	<u>13,795</u>	<u>15,459</u>

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)

Discontinued Operations

During the year, the Company has deregistered/struck off subsidiaries that are dormant and accordingly the financial results of those subsidiaries were classified as discontinued operations. In accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations, prior periods' figures in the consolidated statement of comprehensive income have been re-presented to disclose discontinued operations. The results and cash flow information are presented below.

	4Q 2020 AU\$'000	4Q 2019 AU\$'000	+ / (-) %	FY 2020 AU\$'000	FY 2019 AU\$'000	+ / (-) %
Results of discontinued operations						
Cost of sales	-	(395)	N.M.	-	(13)	N.M.
Gross loss	-	(395)	N.M.	-	(13)	N.M.
*Other operating income	3,814	326	N.M.	3,830	452	N.M.
Expenses	(3)	11	N.M.	113	(44)	N.M.
Profit / (loss) from discontinued operations	3,811	(58)	N.M.	3,943	395	N.M.
Finance cost	-	(62)	N.M.	(3)	(58)	N.M.
Profit / (loss) before tax from discontinued operations	3,811	(120)	N.M.	3,940	337	N.M.
Net profit / (loss) from discontinued operations	3,811	(120)	N.M.	3,940	337	N.M.
Basic earnings per share (AU\$ cents per share)	0.13	(0.00)	N.M.	0.13	0.01	N.M.
Diluted earnings per share (AU\$ cents per share)	0.13	(0.00)	N.M.	0.13	0.01	N.M.
Cash flows (used in) / from discontinued operations						
Net cash generated from/ (used in) operating activities	5	(64)	N.M.	(72)	(2,785)	(97.4)
Net cash (outflow) / Inflow from financing activities	(8)	60	N.M.	49	2,751	N.M.
Net cash flows used in discontinued operations	(3)	(4)	N.M.	(23)	(34)	N.M.

*The other operating income included foreign exchange gain/(loss) arising from the dissolution of subsidiaries. As 30 June 2020, two subsidiaries were dissolved and the dissolution of three subsidiaries was substantially complete.

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 4Q 2020 AU\$'000	GROUP 4Q 2019* AU\$'000	GROUP FY 2020 AU\$'000	GROUP FY 2019* AU\$'000
(Loss)/profit attributable to owners of the Company	(7,197)	(89)	(9,642)	2,299
(Loss)/profit attributable to owners of the Company - continuing operations	(11,008)	31	(13,582)	1,962
Weighted average number of ordinary shares in issue				
- Basic ('000)	3,048,230	3,048,230	3,048,230	2,400,072
- Diluted ('000)	3,048,230	3,048,230	3,048,230	2,400,072
(Loss)/earnings per ordinary share (AU cents)				
- Basic	(0.24)	(0.00)	(0.32)	0.10
- Diluted	(0.24)	(0.00)	(0.32)	0.10
(Loss)/earnings per ordinary share (AU cents) - continuing operations				
- Basic	(0.36)	0.00	(0.45)	0.08
- Diluted	(0.36)	0.00	(0.45)	0.08

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 and share awards were exercised. The number of shares that could have been issued upon the exercise of all dilutive shares is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the profit 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 4Q 2020 AU\$'000	GROUP 4Q 2019 AU\$'000	COMPANY FY 2020 AU\$'000	COMPANY FY 2019 AU\$'000
Net assets	84,884	97,917	70,073	70,522
Net asset value per ordinary share based on issued share capital at the end of the respective periods (AU cents)	2.8	3.2	2.3	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 30 June 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

Revenue for FY2020 decreased by 8.2% to AU\$262.8m (FY2019: AU\$286.3m) mainly due to the unprecedented effects of the COVID-19 pandemic in 3Q FY2020 and 4Q FY2020. Revenue for the fourth quarter of FY2020 was AU\$37.9m (4Q FY2019: AU\$75.0m) a drop of 49.4% since the comparative quarter of 4Q FY2019, which has been significantly impacted by the effects of the COVID-19 pandemic following the postponement of client determined "non-critical" projects.

Gross profit decreased by 45.4% to AU\$11.5m for FY2020 (FY2019: AU\$21.1m) again due to the unprecedented effects of the COVID-19 pandemic in 3Q FY2020 and 4Q FY2020. The gross loss in the fourth quarter of AU\$2.4m stemmed from the 49.4% reduction in revenue in 4Q FY2020 due to the non-recovery of costs as a result of the COVID-19 pandemic and the losses from the NT Port & Marine business, partially offset by gross profits on the Group's other projects. There have been significant effects on the Group's results due to the full impact of the COVID-19 pandemic in the last quarter (4Q FY2020) as "non-critical" customer projects were postponed.

Other operating costs combined with administrative expenses and marketing and distribution expenses decreased by 25.4% for FY2020 to AU\$19.8m (FY2019: AU\$26.6m) which has been a particular focus due to the pressures on margins and includes redundancy costs of AU\$1.9m (refer to section 1(a)(ii)A) as a result of the postponement of work. There is an impairment of receivables of AU\$4.0m included in the other operating cost in FY2019 as an impact of the Supreme Court judgement in the action against Karara Mining Limited.

Finance costs for FY2020 were AU\$5.8m. The amount comprises recognition of unrealised foreign exchange loss of AU\$0.8m from the revaluation of foreign currency borrowings and an increase of lease-related interest expenses of AU\$1.0m 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 continuing operations for FY2020 was AU\$13.6m, reflect the reduction in operating activity due to the unprecedented effects of the COVID-19 pandemic.

B Review of Balance Sheet

Assets

Cash and bank balances increased by AU\$5.6m to AU\$22.8m at 30 June 2020 (30 June 2019: AU\$17.2m), mainly as a result of receiving final settlements on completed projects.

Trade receivables balance decreased by AU\$30.1m since 30 June 2019 to AU\$35.2m at 30 June 2020 reflecting the reduced level of activity and the delayed start in the new work opportunities due to the unprecedented effects of the COVID-19 pandemic.

Inventories increased by AU\$2.1m to AU\$3.9m at 30 June 2020, 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 1Q FY2020 and 3Q FY2020.

Non-current assets balance increased AU\$9.1m since 30 June 2019 to AU\$139.3m 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\$9.5m since 30 June 2019 to AU\$6.1m at 30 June 2020 in line with the decrease in work activities since the comparable quarter and settlement of essential supply chain obligations.

Other payables decreased by AU\$1.6m since 30 June 2019 to AU\$21.2m mainly due to repayment of statutory payroll-related liabilities and reductions in other statutory liabilities.

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\$2.5m from 30 June 2019 as a result of the completion of projects which reduced the workforce and necessitated employee statutory obligation payments on their ceasing of employment. Non-current accruals comprised long-term long service leave balance.

Total borrowings increased overall by AU\$0.5m since 30 June 2019 to AU\$75.4m. The Group has partially paid down the DBS loan which is offset by utilisation of insurance premium funding.

As at 30 June 2020, the Group was in a net current asset position of AU\$27.5m and net assets were AU\$84.9m. 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\$8.9m for FY2020, an increase from FY2019, mainly due to the receipt of long outstanding project payments during the period.

Net cash inflows of AU\$0.2m occurred from investing activities in FY2020 due to the purchase of property, plant and equipment and intangible asset of AU\$1.3m during the year offset by proceeds of AU\$1.5m from disposals.

Net cash used in financing activities was AU\$2.5m, reflecting the outflow of repayments of borrowings, insurance funding and lease liabilities of AU\$3.5m collectively offset by utilisation of insurance premium funding and release of AU\$1m of restricted cash in the quarter.

As a result of the above activities, the Group recorded an increase in cash and cash equivalents of AU\$6.6m to AU\$21.1m at 30 June 2020. Note this amount includes the effect of the restricted cash balance of AU\$1.7m for the purposes of the cash flow statement.

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 utilise 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.

The unprecedented impact of the COVID-19 pandemic has had a detrimental impact on the oil price, longer term demand uncertainty and macro-economic dynamics, which has led a number of oil and gas companies to impair and defer the development of their oil and gas exploration assets. The impact of these asset write-downs and the expected delays in commencing projects in this sector is currently being assessed in conjunction with the carrying values of the Group's NTPM business.

(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 assess the development of this business which is challenging due to the current economic climate as a result of the COVID-19 pandemic which has led to a number of oil and gas companies to impair and defer the development of their oil and gas exploration assets. The impact of the potential deferral of oil and gas developments continues to be assessed in volatile market conditions which are subject to change until international markets have stabilised after the impact of COVID-19 has dissipated. The Board continues to assess the carrying value and confirms that the outstanding audit issues on the financial statements have not changed at this stage.

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, 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 30 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 manifested in 3Q FY2020 with impacts on revenue and performance. The pandemic also had a significant effect on the 4Q FY2020 results as the full impact of postponements in work programmes on customer determined current “non-critical work” eventuated. The Group continues to focus on cash preservation and has utilised 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 has assisted 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.

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 30 June 2020 the only debt due to be repaid in FY2020 is AU\$7.2 million (DBS of AU\$5.0m and insurance funding of AU\$2.2m). 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 2Q 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.

11. 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.

12. If no dividend has been declared/recommended, a statement to that effect and the reason (s) for the decision

No dividend has been declared or recommended as the terms of the Company's notes prevent the Company from paying dividends.

13. IPT Mandate

There were no IPT transactions for the period.

14. 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.



PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

2020	Projects AU\$'000	Access Services AU\$'000	Fabrication &	*Fabrication &	Maintenance Services AU\$'000	*Port & Marine Services AU\$'000	Corporate / Unallocated AU\$'000	Total AU\$'000
			Manufacturing - Australia AU\$'000	Manufacturing - Singapore AU\$'000				
REVENUE								
Revenue from external customers	71,439	25,955	37,864	-	122,752	4,779	-	262,789
RESULTS								
Adjusted EBITDA and impairment	2,893	4,538	388	4,606	6,710	(3,362)	(9,112)	6,661
Depreciation and amortisation	(23)	(2,545)	(1,030)	-	-	(3,653)	(1,539)	(8,790)
Interest income	3	1	-	-	-	-	91	95
Finance cost	(1)	(46)	(102)	-	-	(4,183)	(1,459)	(5,791)
Impairment losses	(10)	(484)	-	-	(322)	(49)	(35)	(900)
Profit/(loss) before tax	2,862	1,464	(744)	4,606	6,388	(11,247)	(12,054)	(8,725)
ASSETS								
Reportable segment assets	6,106	33,002	17,715	-	17,018	103,183	28,896	205,920
Additions to non-current assets (other than financial assets and deferred tax)	-	867	300	-	463	-	533	2,163
LIABILITIES								
Reportable segment liabilities	776	3,716	4,398	-	3,009	21,087	88,050	121,036

*The Company has deregistered/struck off subsidiaries that are dormant during the year, refer to note 5 for further details.

Geographical segments

2020	Revenue		Segment Assets		Non-current Assets	
	AU\$'000	%	AU\$'000	%	AU\$'000	%
Australia	258,708	98.5%	199,816	97.0%	135,585	97.4%
Singapore	893	0.3%	3,741	1.8%	3,687	2.6%
Thailand	3,188	1.2%	813	0.4%	14	0.0%
Malaysia	-	0.0%	1,550	0.8%	-	0.0%
	<u>262,789</u>		<u>205,920</u>		<u>139,286</u>	



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2019	Projects AU\$'000	Access Services AU\$'000	Fabrication & Manufacturing - Australia AU\$'000	*Fabrication & Manufacturing - Singapore AU\$'000	Maintenance Services AU\$'000	*Port & Marine Services AU\$'000	Corporate / Unallocated AU\$'000	Total AU\$'000
REVENUE								
Revenue from external customers	90,746	95,212	11,301	-	83,745	5,246	-	286,250
RESULTS								
Adjusted EBITDA and impairment	(3,657)	27,608	(1,417)	7	5,275	(3,688)	(9,132)	14,996
Depreciation and amortisation	-	(2,892)	(685)	-	-	(2,627)	(576)	(6,780)
Interest income	71	2	-	-	-	-	281	354
Finance cost / (income)	7	2,039	-	-	-	(6,550)	2,940	(1,564)
Impairment losses	(4,000)	(7)	(11)	-	(301)	(16)	-	(4,335)
Net gain on partial debt restructure	-	-	-	-	-	-	854	854
Profit/(loss) before tax	(7,579)	26,750	(2,113)	7	4,974	(12,881)	(5,633)	3,525
ASSETS								
Reportable segment assets	5,159	38,594	17,219	952	33,375	93,966	29,716	218,981
Additions to non-current assets (other than financial assets and deferred tax)	-	212	909	-	-	12,282	655	14,058
LIABILITIES								
Reportable segment liabilities	5,831	11,476	1,832	34	5,387	926	95,578	121,064

*The Company has deregistered/struck off subsidiaries that are dormant during FY2020, refer to note 5 for further details.

Geographical segments

2019	Revenue		Segment Assets		Non-current Assets	
	AU\$'000	%	AU\$'000	%	AU\$'000	%
Australia	284,802	99.5%	206,619	94.5%	125,786	96.6%
Singapore	-	0.0%	9,434	4.4%	4,353	3.3%
Thailand	568	0.2%	663	0.1%	60	0.1%
Malaysia	880	0.3%	2,265	1.0%	-	-
	<u>286,250</u>		<u>218,981</u>		<u>130,199</u>	

The Group's wholly-owned Australian entities have implemented the tax consolidation legislation. As a consequence, the entities are taxed as a single entity and deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. The deferred tax assets and liabilities relate to the tax consolidated group as a whole and are not treated as assets and liabilities belonging to the individual segments but as unallocated assets and liabilities.

Basis for segments

Management has determined the operating segments based on the reports reviewed by the Senior Management Team that are used to make strategic decisions.

The Senior Management Team considers the business from both a business segment and geographic perspective. Geographically, management monitors the business in the four primary geographic areas: Australia, Singapore, Thailand and Malaysia. Geographic locations provide a range of products and services through fabrication, construction, maintenance, scaffolding and rope access and port & marine services. Inter-segment revenue transactions are performed on an arms-length basis and eliminated on consolidation. Other services included within the Group are investment holding and the provision of support services. The results of these operations are included in the “others / corporate” column. The Senior Management Team assesses the performance of the operating segment based on a measure of earnings before interest, tax, depreciation, amortisation and impairment (“adjusted EBITDA and impairment”).

Segment assets reconciliation

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

	2020	2019
	AU\$'000	AU\$'000
Segment assets for reportable segments	177,024	189,265
Unallocated:		
Cash and cash equivalents	21,566	15,578
Other receivables and prepayments	4,650	11,330
Property, plant and equipment	1,834	1,488
Intangible asset	846	1,320
Total assets	205,920	218,981

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

Segment liabilities reconciliation

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

	2020	2019
	AU\$'000	AU\$'000
Segment liabilities for reportable segments	32,986	25,486
Unallocated:		
Trade payables	1,531	6,178
Other payables	5,973	8,783
Borrowings	75,396	74,916
Lease liabilities - SFRS(I) 16 (Note 5)	1,768	-
Accruals for other liabilities and charges	2,651	4,114
Deferred tax liabilities and current tax payable (including set off of deferred tax pursuant to set-off provisions)	731	1,587
Total liabilities	121,036	121,064

The amounts provided to the Senior Management Team 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 Senior Management Team monitors the trade payables, other payables, borrowings and accruals attributable to each segment.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

For the year ended 30 June 2020 the Projects and Access Services segments contributed 37.1% (FY2019: 65.0%) of the Group's revenue, Fabrication and Manufacturing segment contribution was 14.4% (FY2019: 3.9%), Maintenance Services contributed 46.7% (FY2019: 29.3%) and Port & Marine Services contributed 1.8% (FY2019: 1.8%) of the Group's revenue.

Australian revenue accounted for 98.4% of Group revenue (FY2019: 99%) whilst Singapore, Thailand and Malaysia made up the remaining 1.6% (FY2019: 1%).

The Projects and Access Services (including scaffolding and access services provided by MAS) segments along with Maintenance Services had strong contributions for FY2020 revenue of AU\$97.4 million (FY 2019 AU\$185.9 million) and AU\$122.8 million (FY 2019 AU\$83.7 million) respectively. The diversification of revenue towards long term maintenance contracts continues with an increase of AU\$39.1million from the maintenance sector in FY 2020 compared to FY 2019.

The Port & Marine Services business unit has made a contribution to revenue in FY2020, following the commercialisation of port services, however this result was offset by the additional operating and finance costs attributable to the Port Melville development.

17. A breakdown of revenue as follows:

	FY 2020	FY 2019	% increase
	AU\$'000	AU\$'000	/ (decrease)
<u>For continuing operations</u>			
Revenue reported for first half year	158,733	144,887	10%
Net profit after tax for first half year	774	1,804	-57%
Revenue reported for second half year	104,056	141,363	-26%
Net (loss)/profit after tax for second half year	(14,356)	158	N.M.
<u>For discontinued operations</u>			
Net profit after tax for first half year	14	453	-97%
Net profit/(loss) after tax for second half year	3,926	(116)	N.M.

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2020 Proposed	FY2019 Paid
Final one-tier tax exempt dividend on ordinary shares (S\$'000)	Nil	Nil
Special one-tier tax exempt dividend on ordinary shares (S\$'000)	Nil	Nil

19. Person occupying managerial position

The Company confirms that there is no such person occupying a managerial position in the Company and its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).



ON BEHALF OF THE BOARD

Wu Yu Liang
Non-Executive Chairman

Shane Francis Kimpton
CEO and Managing Director

28 August 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.