Appendix 4E

Full year report for the Year Ending 31 March 2017

(the previous corresponding period is the Year Ended 31 March 2016)

Results for announcement to the market

				$A millions
Revenues from ordinary activities	Up	0.1%	to	1,365.6
Revenues from continuing operations	Up	2.7%	to	1,272.3
Underlying net profit after tax * from continuing operations attributable to members	Up	4.0%	to	112.7
Net profit (loss) from ordinary activities after tax * attributable to equity holders	Up	N/A	to	81.6
Net profit (loss) for the period * attributable to equity holders	Up	N/A	to	81.6
Basic underlying * earnings per share from continuing operations attributable to members	Down	5.5%	to	22.4¢
Basic earnings per share	Up	N/A	to	16.2¢
Total dividend per share for the year (partly franked)	Unchanged	-	at	13.5¢

The Group achieved underlying net profit after tax from continuing operations (attributable to equity holders of the Company, and excluding those Oil & Gas operations which are "held for sale", restructuring and other one-off items, amortisation of acquired intangibles and impairment charges) of $112.7 million for FY2017. The result was 4.0% higher than the $108.4 million comparative underlying net profit after tax for FY2016. Revenue from continuing operations of $1,272.3 million was 2.7% up on the $1,239.0 million recorded from the same businesses in FY2016.

The result represented a sound performance assisted by the continuing recovery in mineral resource exploration and development in many parts of the world. Commodities division's underlying contribution (now incorporating the Coal services operations) was up 28.1% with improved geochemistry sample flow being offset by small profit reductions in the coal, metallurgy and inspection businesses. Industrial Division delivered relatively flat performance while Life Sciences suffered a decline in profitability as a result of issues experienced in North and South America, and higher carrying costs associated with the integration of ALcontrol in the UK.

The Group remains focused on being ready to take advantage of future opportunities by targeting organic and acquired growth in the more stable Environmental and Food sectors (Life Sciences) and by maintaining its assets, market share and reputation in the more cyclical Commodities division in order to continue responding quickly as those markets recover further.

** Refer to page 5 of the attached Annual Financial Report for a reconciliation of Underlying net profit after tax to Statutory net profit after tax.*

Dividend Disclosures

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	8.0¢	3.2¢
Interim dividend	5.5¢	3.3¢
Date the final dividend (distribution) is payable		**3 July 2017**
+Record date to determine entitlements to the dividend (distribution) (i.e., on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)		**8 June 2017**
DRP election date		**9 June 2017**

Dividend - Amount per security

		Amount per security	Amount per security of conduit foreign income
Final dividend:	Current year	8.0¢	4.8¢
	Previous year	6.0¢	3.6¢
Interim dividend:	Current year	5.5¢	2.2¢
	Previous year	7.5¢	5.625¢

Total final dividend (distribution) on all securities

	Current period $A millions	Previous corresponding period - $A millions
+Ordinary securities *(each class separately)*	40.3	30.3
Preference +securities *(each class separately)*	-	-
Other equity instruments *(each class separately)*	-	-
Total	**40.3**	**30.3**

The 2017 final dividend will be franked to 40%. Subsequent dividends will be franked at the maximum level possible.

The Company's dividend reinvestment plan will be in operation for the final 2017 dividend at no discount to the five trading days VWAP from 13 June to 19 June 2017.

NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$0.40	$0.52

Audit

The report is based on the attached accounts which have been audited.

Signature: Date: 23rd May 2017

Print name: **Tim Mullen**
Company Secretary

ALS Limited

ABN 92 009 657 489

Annual Financial Report

31 March 2017

ALS Limited and its subsidiaries
Annual Financial Report for the Year Ended 31 March 2017

Contents

ALS Limited and its subsidiaries
Directors' report
For the year ended 31 March 2017

The directors present their report together with the financial report of the Group, comprising ALS Limited ("the Company") and its subsidiaries, for the year ended 31 March 2017 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year are:

BRUCE PHILLIPS **B Sc (Hons) (Geology)**

Chairman and Independent Non-Executive Director Age 62

Bruce Phillips was appointed a non-executive director of the Company on 1 August 2015 and became Chairman on 26 July 2016 following the 2016 Annual General Meeting. Bruce is a qualified geophysicist with more than 35 years of technical, financial and managerial experience in the energy sector.

He founded Australian Worldwide Exploration Limited (ASX: AWE) in 1997 and was its Managing Director until his retirement in 2007. He re-joined as a non-executive director in 2009 and is currently its Chairman. He was previously Chairman of Platinum Capital Limited (October 2009 – June 2015) and a non-executive director of AGL Energy Limited (August 2007 – September 2016) and Sunshine Gas Limited.

He is a member of the People Committee.

GREG KILMISTER **B Sc (Hons), FRACI, MAIG, CCEO**

Managing Director and Chief Executive Officer Age 61

Greg Kilmister was appointed Managing Director and Chief Executive Officer of the Company effective 1 September 2005. He joined the Company in 1981 and was the General Manager of the Company's highly successful ALS Laboratory Services Group from 1992 through to 2005.

Greg will be retiring from the Company at the conclusion of the 2017 Annual General Meeting on 20 July 2017 after 36 years with the Company, including 12 years as Managing Director and Chief Executive Officer.

MEL BRIDGES **B AppSc, PhD, FAICD**

Independent Non-Executive Director Age 67

Mel Bridges was appointed a non-executive director of the Company in 2009. He has over 35 years' experience founding and building international lifescience, diagnostic and medical device companies and commercialising a wide range of Australian technology. He is Chairman of Anatara Lifesciences Limited (appointed October 2014) and Oventus Medical Limited (appointed October 2015).

Mel was previously Chairman of Alchemia Limited (September 2003 – July 2013) and a non-executive director of Tissue Therapies Limited (March 2009 – November 2015), ImpediMed Limited (September 1999 – November 2013) and Benitec Limited (October 2007 - June 2014).

He is a member of the Audit and Risk and Sustainability Committees.

GRANT MURDOCH **M COM (Hons), FAICD, FCA**

Independent Non-Executive Director Age 65

Grant Murdoch was appointed a non-executive director of the Company in 2011. He was formerly a Partner of Ernst & Young and Divisional Director of Ernst & Young Transaction Advisory Services Limited in Queensland. He has more than 37 years of chartered accountancy experience, specialising in mergers, acquisitions, takeovers, corporate restructures and share issues.

Grant is a non-executive director of Redbubble Limited (appointed February 2016), OFX Group Limited (formerly OzForex Limited) (appointed October 2013) and is a director of Queensland Investment Corporation (QIC) and UQ Holdings Ltd. He is Chairman of the Endeavour Foundation, a senator of the University of Queensland, an Adjunct Professor at the University of Queensland Business School and a member on the Queensland Council of the Australian Institute of Company Directors. He was previously a non-executive director of Cardno Limited (January 2013 – November 2015).

He is Chairman of the Audit and Risk Committee.

JOHN MULCAHY **PhD, BE (Civil Eng) (Hons), FIE Aust**

Independent Non-Executive Director Age 67

John Mulcahy was appointed a non-executive director of the Company in 2012. He is Chairman of Mirvac Group Limited (appointed November 2009 and Chair September 2013) and Orix Australia Corporation Limited, an unlisted public company (appointed March 2016), and Deputy Chairman of GWA Group Limited (appointed November 2010). John was previously a director and Chairman of Coffey International Limited (September 2009 – January 2016). He is a former Guardian of the Future Fund of Australia and former Managing Director and Chief Executive Officer of Suncorp-Metway Limited. Prior to Suncorp, John held a number of senior executive roles at the Commonwealth Bank and Lend Lease Corporation.

He is Chairman of the People Committee.

CHARLIE SARTAIN **B Eng (Hons) (Mining), FAusIMM, FTSE**

Independent Non-Executive Director Age 56

Charlie Sartain was appointed a non-executive director of the Company on 1 February 2015. He spent more than 30 years with MIM Holdings and then Xstrata after it acquired MIM. He led Xstrata's global copper business as Chief Executive of Xstrata Copper for nine years from 2004 and prior to that held senior executive positions with the company in Latin America and Australia.

Charlie is currently a non-executive director of Goldcorp Inc. (appointed January 2017), Austin Engineering Limited (appointed April 2015), Chairman of the Advisory Board of the Sustainable Minerals Institute at the University of Queensland and a member of the UQ Senate. He is also a Board Member of Wesley Medical Research. Previously he was Chairman of the International Copper Association, a Member of the Department of Foreign Affairs and Trade's Council on Australian Latin American Relations and a Director of Xstrata Schweiz Limited.

He is Chairman of the Sustainability Committee and a member of the Audit and Risk Committee.

TONIANNE DWYER **B Juris (Hons), LLB (Hons), GAICD**

Independent Non-Executive Director Age 54

Tonianne Dwyer was appointed a non-executive director of the Company on 1 July 2016. She has significant experience as a company director and executive working in finance, corporate strategy and mergers and acquisitions across a variety of sectors and international markets.

She is an internationally experienced independent company director, having had a 25-year executive career in investment banking during which she held roles with Hambros Bank Limited and Societe General in the UK and Europe.

Tonianne currently holds non-executive directorships on ASX-listed companies OZ Minerals Limited (appointed March 2017), Metcash Limited (appointed June 2014), DEXUS Property Group and DEXUS Wholesale Property Fund (appointed August 2011). She is also a non-executive director of Queensland Treasury Corporation and is Deputy Chancellor of the Senate of the University of Queensland. She was previously a non-executive director of Cardno Limited (June 2012 - January 2016).

She is a member of the People and Sustainability Committees.

NEROLIE WITHNALL **BA, LLB, FAICD**

Former Chairman and Independent Non-Executive Director

Retired on 26 July 2016.

Retirement of Managing Director and CEO

As announced on 27 February 2017 Greg Kilmister will retire as Managing Director & CEO of the Company after the 2017 AGM on 20 July 2017. After a global search for suitable internal and external candidates, the Board has appointed Raj Naran to replace him at the conclusion of the AGM. Mr Naran has been with ALS for ten years and recently has successfully led the Group's Life Sciences Division. He was appointed to the transitional position of Deputy CEO on 27 February 2017.

Company Secretary

TIM MULLEN **B Bus (Accounting), M Com Law, FCPA, FCIS, FCLA**

Tim Mullen was appointed Company Secretary of the Company on 27 February 2007. He is a Chartered Secretary and a member of CPA Australia. He has a background in financial and commercial management and company secretarial practice. He has been with the Company since May 1997. His main responsibilities are corporate governance and legal management of the Group.

Principal activities

The principal activities of the Group during the course of the financial year were the provision of professional technical services, primarily in the areas of testing, measurement and inspection, supporting:

- environmental monitoring
- food and pharmaceutical quality assurance
- mining and mineral exploration
- commodity certification
- equipment maintenance
- asset care operations and
- oil and gas exploration and production.

During the year the Group expanded and diversified its technical service capabilities through acquisitions in food and environmental testing in the UK, mainland Europe and South America.

In November 2016 following a strategic review, the Group announced its intention to divest the majority of its assets in the Oil & Gas technical services sector. Simmons & Company International, energy specialists of Piper Jaffray, were engaged to advise the Group on options to transact the divestment and they are currently assessing a number of offers to acquire the business. It is the Company's intention to retain the laboratory services component.

Otherwise there were no significant changes in the nature of the activities of the Group during the year.

Review of results and operations

Group business summary

The Group is committed to maintaining the strong and sustainable growth strategies which have made it a successful global company. ALS aims to be a leading provider of services to clients across the broad range of industry sectors nominated in Principal Activities above. We seek to build strong partnerships with our clients by delivering cost-effective solutions backed by the very best in quality, service and technical capabilities.

For ALS FY2017 can be summarised as a year of improving market conditions for those businesses exposed to the mineral commodities cycle (particularly in the second half) a year of further expansion in the less cyclical Life Sciences operations with food and environmental acquisitions in the UK, mainland Europe and South America (tempered by management issues and competitive markets in both North and South America) and one of ongoing market pressures in the Oil & Gas division, culminating in the decision in November 2016 to divest a major portion of that business. It is the Company's intention to retain the laboratory services component.

The Group is confident that the quality of its assets, its operating model, and its strategic disciplined focus, will see it continue to increase its market share despite the challenges of current conditions. ALS continues to pursue growth opportunities in Life Sciences; particularly in the food sector where it is evaluating a select number of high quality bolt-on acquisition targets.

Review of results and operations (continued)

Financial performance

The Group's financial performance for the year to 31 March 2017 is summarised as follows:

2017 $m	Underlying results (1) Continuing operations	 Discontinued operations(2)	Restructuring & other one-off items (1)	Amortisation of intangibles	Impairment charges	Statutory result
Revenue	1,272.3	93.3	-	-	-	**1,365.6**
EBITDA (3)	253.1	(2.7)	(19.1)	-	-	**231.3**
Impairments	-	-	-	-	-	**-**
Depreciation & amortisation	(67.0)	(11.8)	-	(1.5)	-	**(80.3)**
EBIT (3)	186.1	(14.5)	(19.1)	(1.5)	-	**151.0**
Interest expense	(27.3)	-	-	-	-	**(27.3)**
Tax expense	(44.9)	0.2	3.8	-	-	**(40.9)**
	113.9	(14.3)	(15.3)	(1.5)	-	**82.8**
Non-controlling interests	(1.2)	-	-	-	-	**(1.2)**
Net profit / (loss) after tax (NPAT)	112.7	(14.3)	(15.3)	(1.5)	-	**81.6**
Basic EPS (cents)	22.4					**16.2**
Diluted EPS (cents)	22.3					**16.1**

2016 $m	Underlying results (1) Continuing operations	 Discontinued operations(2)	Restructuring & other one-off items (1)	Amortisation of intangibles	Impairment charges	Statutory result
Revenue	1,239.0	125.9	-	-	-	**1,364.9**
EBITDA (3)	258.0	6.3	(13.9)	-	-	**250.4**
Impairments	-	-	-	-	(317.9)	**(317.9)**
Depreciation & amortisation	(69.1)	(17.3)	-	(15.2)	-	**(101.6)**
EBIT (3)	188.9	(11.0)	(13.9)	(15.2)	(317.9)	**(169.1)**
Interest expense	(34.5)	-	-	-	-	**(34.5)**
Tax expense	(45.0)	2.1	2.9	-	3.9	**(36.1)**
	109.4	(8.9)	(11.0)	(15.2)	(314.0)	**(239.7)**
Non-controlling interests	(1.0)	-	-	-	-	**(1.0)**
Net profit / (loss) after tax (NPAT)	108.4	(8.9)	(11.0)	(15.2)	(314.0)	**(240.7)**
Basic EPS (cents)	23.7					**(52.5)**
Diluted EPS (cents)	23.6					**(52.5)**

(1) The terms Underlying Operating Result and Restructuring & Other One-off Items are non-IFRS disclosures. They have been presented to assist in the assessment of the relative performance of the Group from period to period. The calculations thereof are based on non-IFRS information and are unaudited. Restructuring & Other One-Off Items in 2017 include a foreign exchange loss of $5.5 million realised on restructuring of intra-group loan balances (2016: gain of $2.8 million). Refer Note 1a to the financial statements.

(2) In November 2016 the Group announced its intention to divest the majority of its assets in the Oil & Gas technical services sector. It is the Group's intention to retain the laboratory services component of that division.

(3) EBITDA = EBIT plus depreciation and amortisation. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. They have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e. non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are unaudited.

Review of results and operations (continued)

Financial performance (continued)

The Group achieved underlying net profit after tax from continuing operations (attributable to equity holders of the Company, and excluding those Oil & Gas operations which are "held for sale", restructuring and other one-off items, amortisation of acquired intangibles and impairment charges) of $112.7 million for FY2017. The result was 4.0% higher than the $108.4 million comparative underlying net profit after tax for FY2016. Revenue from continuing operations of $1,272.3 million was 2.7% up on the $1,239.0 million recorded from the same businesses in FY2016.

The result represented a sound performance assisted by the continuing recovery in mineral resource exploration and development in many parts of the world. Commodities division's underlying contribution (now incorporating the Coal services operations) was up 28.1% with improved geochemistry sample flow being offset by small profit reductions in the coal, metallurgy and inspection businesses. Industrial Division delivered relatively flat performance while Life Sciences suffered a decline in profitability as a result of issues experienced in North and South America, and higher carrying costs associated with the integration of ALcontrol in the UK.

The Group remains focused on being ready to take advantage of future opportunities by targeting organic and acquired growth in the more stable Environmental and Food sectors (Life Sciences) and by maintaining its assets, market share and reputation in the more cyclical Commodities division in order to continue responding quickly as those markets recover further.

As announced in November 2016 following a strategic review, the Group intends to divest the majority of its assets in the Oil & Gas technical services sector. Simmons & Company International, energy specialists of Piper Jaffray, were engaged to advise the Group on options to transact the divestment and they are currently assessing a number of offers to acquire the business. It is the Company's intention to retain the laboratory services component. The Oil & Gas businesses being divested incurred underlying losses of $14.5 million during the year as the markets they service continued to suffer from reduced exploration and production activity.

The FY2017 statutory result from all operations was a net profit after tax attributable to equity holders of the Company (including those Oil & Gas businesses classified as "held for sale", restructuring and other one-off items, amortisation of acquired intangibles and impairment charges) of $81.6 million compared with the net loss after tax of $240.7 million recorded in FY2016. Total revenue from all operations was $1,365.6 million, virtually unchanged from the $1,364.9 million generated in FY2016. A detailed summary of results is set out on page 5.

Directors have declared a final partly franked (40%) dividend for the year of 8.0 cents per share (2016: 6.0 cents, 40% franked). Together with the interim dividend of 5.5 cents per share (60% franked) the total partly franked dividend for the year will be 13.5 cents per share (2016: 13.5 cents). The Company's dividend reinvestment plan will operate for the 2017 final dividend.

Following a change in management reporting structure, effective 1 April 2016 the Group's Coal operations were transferred from the former Energy segment and combined with the former Minerals segment to form a new Commodities segment as summarised:

Former segments	Revised segments
Life Sciences	Life Sciences (unchanged)
Industrial	Industrial (unchanged)
Minerals	Commodities (comprising Minerals and Coal)
Energy (comprising Coal and Oil & Gas)	Oil & Gas

Contributions from business segments are set out below. Prior period comparative figures have been amended to reflect the revised segments.

Review of results and operations (continued)

Divisional reviews

Life Sciences

The Life Sciences division provides analytical testing and sampling services and remote monitoring for the Environmental, Food, Pharmaceutical and Consumer Products markets. It is the leader in global comprehensive analytical testing, demonstrating expertise in microbiological, physical and chemical testing services. The division continued to grow during FY2017, by strengthening its leadership position in existing markets. A strong strategic growth focus (both acquired and organic) continues to be placed on the food, pharmaceutical, and consumer products components of Life Sciences. Key building blocks to accommodate these newer businesses are in place ready for future growth.

Life Sciences – Financial performance	2017 $M	2016 $M	Variance
Revenue	641.6	633.5	1.3%
Segment contribution	93.9	109.3	
Restructuring and related costs	5.9	0.7	
Underlying segment contribution	99.8	110.0	(9.3%)
Margin (underlying segment contribution to revenue)	15.6%	17.4%	
Underlying segment EBITDA	134.3	145.1	(7.4%)

The division's financial performance for FY2017 fell short of expectations, with total revenue virtually unchanged from the previous year and underlying EBIT margin contracting to 15.6%. Difficult market conditions and some internal issues led to reduced revenue and profit margins in North and South America. Europe performed well overall though the fourth quarter results of the established UK businesses were adversely impacted by disruptions relating to the integration of ALcontrol (acquired December 2016) with higher operating costs incurred as capacity was replicated to ensure high quality service to our new customers prior to rationalising the ALcontrol sites. These issues were partially offset by strong growth in the Asian and Australian regions. It is anticipated that ALcontrol will be fully integrated by July 2017.

It is pleasing to report significant revenue gains in all regions of the food and pharmaceutical testing business. Further food testing acquisitions in Europe and North America are planned for FY2018 with the aim of growing annualised revenue to $200 million by this time next year, up from the current proforma run-rate of $154 million.

The environmental business recorded revenue and contribution gains in all regions except North and South America. The best performing environmental locations were Australia and Asia where improving revenues resulted in both regions achieving underlying contribution margins in excess of 25%. Difficulties were experienced in the Canadian and South American environmental operations – both businesses were impacted by weakness in the resources industry (mining, oil & gas) and by internal management issues. Improvements are expected in these locations during the next twelve months through a combination of organisational restructures and business development initiatives focussing on diversification of revenue sources outside mining and oil & gas.

The general economic environment continues to be very price-sensitive requiring the business to make the cost adjustments necessary to continue its growth in existing markets. ALS Life Sciences is enhancing its capabilities to provide clients with a broad range of solutions and services, delivered with the superior turnaround time and quality on which ALS has built its reputation.

Industrial

Industrial is a leading provider of diagnostic testing and engineering solutions for the energy, resources, transportation and infrastructure sectors. The division's international client base includes asset owners, operators, constructors and equipment manufacturers in the power, petrochemical, mining, minerals processing, water, infrastructure and transportation industries. It is comprised of two complementary business streams: Asset Care and Tribology.

Review of results and operations (continued)

Divisional reviews - Industrial (continued)

Industrial – Financial performance	2017 $M	2016 $M	Variance
Revenue	192.7	185.6	3.8%
Segment contribution	25.4	24.6	
Restructuring and related costs	1.1	0.5	
Underlying segment contribution	26.5	25.1	5.6%
Margin (underlying segment contribution to revenue)	13.8%	13.5%	
Underlying segment EBITDA	32.7	30.9	5.8%

Revenue growth in the Industrial division was delivered by strong work volumes in both the USA and Australia, particularly in the power generation, oil & gas and mining sectors.

Successful business development efforts have largely replaced Australian LNG construction revenue with maintenance-related services to the oil & gas, mining and water sectors. A continued focus on cost base discipline in Australia has delivered improved contribution margin. This was partially offset by lower earnings in the USA which has been affected by stalled activity levels in the downstream oil & gas sector. US management has responded by focusing attention on business development efforts and cost base adjustments including site closures and relocations.

Business development strategies are being directed to grow market share in civil infrastructure, water, rail, oil & gas and mining sectors. This has led to recent success in the USA with a major contract being won on the strength of ALS' performance on LNG projects in Australia.

The Tribology business continues to yield strong profitably, with underlying contribution margin remaining above 24%. It is benefitting from its joint marketing and tendering efforts with the Asset Care business unit.

Commodities (formerly Minerals & Coal)

The Commodities division is the leading full-service provider of testing services for the global mining industry in four key service areas - Geochemistry, Metallurgy, Inspection and Coal Quality – with an extensive client base of explorers, miners and traders. Its testing and consulting services cover the entire resource life-cycle from exploration, feasibility, optimisation, production, design, development through to trade, and finally rehabilitation. The integrated field and laboratory services of the Coal business cover exploration, bore core, testing, consulting, quality management and superintending services

The division's strategy is to ensure all its business streams are equipped with the technical expertise and operational capacity required to provide its clients with a seamless suite of integrated services throughout market cycles. In particular the division is working hard to grow organically in the Commodity Inspection service sector by delivering quality, innovation and value to new and existing clients.

Commodities – Financial performance	2017 $M	2016 $M	Variance
Revenue	427.2	401.8	6.3%
Segment contribution	84.7	60.4	
Restructuring and related costs	1.4	6.8	
Underlying segment contribution	86.1	67.2	28.1%
Margin (underlying segment contribution to revenue)	20.2%	16.7%	
Underlying segment EBITDA	109.8	93.2	17.8%

Review of results and operations (continued)

Divisional reviews - Commodities (continued)

Commodities recorded much improved financial results over FY2017, particularly during the second half as Geochemistry sample flows increased globally. Established mining clients started to increase their spending on existing brownfield sites even in the higher risk countries and in the latter part of the year junior explorers started to increase activity.

Sample flow into the Geochemistry business stream was 22% higher than in the previous year which translated into a 43.3% improvement in underlying contribution and a 464 basis points lift in underlying business unit margin to 23.7%. While cost management remained a focus for the Geochemistry business, the emphasis has shifted toward productivity and the timely injection of human and capital resources to service increasing workloads. Management remains optimistic about a continued recovery and the likely demand for services and therefore is investing in capacity to ensure turnaround times meet or exceed client expectations.

ALS Coal continues to operate well in a constrained environment. While competitive pricing and reduced activity in the exploration and resource definition sectors of the coal market continue to impact the Coal business, the Superintending service line has however maintained consistent work volumes. Overall Coal business stream revenue was down on the previous year, however excellent cost base management and productivity initiatives underpinned improved profitability. Recent stability in both coking and thermal coal prices is expected to result in growth in exploration and resource definition activity, enabling the business to benefit from these productivity initiatives. The business was re-awarded a number of key contracts with major clients during the second half of the year.

Oil & Gas

Oil & Gas delivers quality technical solutions and products to the oil and gas industries. The division provides a comprehensive range of services and tools covering the solids, liquids and gas hydrocarbon markets. With integrated field and laboratory services and an extensive and growing range of specialist tools, Oil & Gas covers exploration, resource characterisation, production enhancement, quality management and trade-related services across the major energy industries.

As noted above the Group has decided to divest the majority of its assets in the Oil & Gas technical services sector, retaining only the laboratory services component.

Oil & Gas Laboratories – Financial performance	**2017 $M**	**2016 $M**	**Variance**
Revenue	10.8	18.1	(40.3%)
Segment contribution	(6.4)	(5.6)	
Restructuring and related costs	0.1	0.2	
Underlying segment contribution	(6.3)	(5.4)	(16.7%)
Margin (underlying segment contribution to revenue)	(58.3%)	(29.8)%	
Underlying segment EBITDA	(4.5)	(4.0)	(12.5%)

Discontinued operations: ***Oil & Gas (non-laboratories) – Financial performance***	**2017 $M**	**2016 $M**	**Variance**
Revenue	93.3	125.9	(25.9%)
Segment contribution	(16.1)	(13.0)	
Restructuring and related costs	1.6	2.0	
Underlying segment contribution	(14.5)	(11.0)	(31.8%)
Margin (underlying segment contribution to revenue)	(15.5%)	(8.7%)	
Underlying segment EBITDA	(2.7)	6.3	(142.9%)

Review of results and operations (continued)

Divisional reviews –Oil & Gas (continued)

Global oil and gas markets continue to suffer from reduced exploration and production activity. These conditions have had a marked impact on ALS Oil and Gas with total revenue and underlying contribution falling $39.9 million and $4.4 million respectively compared with the previous year.

The market remains extremely price competitive as operators chase ever-lower production costs. ALS Oil & Gas has adjusted its cost base downward to match the conditions and adopted a strategy of "bidding to win" as opportunities arise.

Dividends

Dividends paid or declared by the Company since the end of the previous financial year are:

	Cents per share	Franked amount (cents)	Total $M
Ordinary dividends declared and paid during the year:			
Final 2016, paid 1 July 2016	6.0	2.4	30.3
Interim 2017, paid 21 December 2016	5.5	3.3	27.7
Total amount			58.0
Ordinary dividend declared after the end of the financial year:			
Final 2017, to be paid 3 July 2017	8.0	3.2	40.3

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 March 2017 and will be recognised in subsequent financial reports. The franked components of all dividends paid or declared since the end of the previous financial year were franked based on a tax rate of 30%.

Debt profile

The Group's policy of ensuring a diversity of funding sources and maturities is a key element of its management of re-financing and liquidity risks and is reflected in the table below:

In millions of AUD

Source	Maturity	Drawn	Facility Limit
Bank facilities	October 2017	-	104.7
US Private Placement Market	December 2017	39.7	39.7
US Private Placement Market	July 2019	247.3	247.3
US Private Placement Market	December 2020	205.0	205.0
US Private Placement Market	July 2022	248.6	248.6
		740.6	**845.3**

The Group is party to multi-currency, revolving debt facility agreements with five Australian and international banks maturing in October 2017. The total capacity available from bank debt facilities remains unchanged at USD80 million (AUD104.7 million).

Financial position

The major changes in the Group's financial position during the year (refer summarised balance sheet below) were the result of:

- expansion and diversification of technical service capabilities through acquisitions in food and environmental testing in the UK, mainland Europe and South America for a total consideration of $106.4 million including repayment of loans and borrowings "acquired" - a large portion of which was allocated to intangible assets;
- this was financed from cash holdings and was the primary reason for net debt increasing by $46.9 million; and
- total cash dividend payments to shareholders of $58.0 million.

Total equity remained virtually unchanged at $1,185.2 million.

The Group remains committed to its strategy of maintaining a strong balance sheet throughout economic cycles as evidenced by the gearing (29.0%; 2016: 27.0%) and leverage (2.1 times; 2016: 1.7 times) measures noted below.

In millions of AUD		**Consolidated**	
	*Note **	**2017**	**2016**
Trade and other receivables	*2a*	250.2	271.7
Inventories	*2b*	67.2	79.0
Other current assets		33.6	42.9
Trade and other payables	*2c*	(140.1)	(150.9)
Total working capital		210.9	242.7
Cash and cash equivalents	*3a*	248.9	297.9
Loans and borrowings		(741.1)	(749.5)
Fair value derivatives (non-current)		7.7	14.0
Net debt		(484.5)	(437.6)
Property, plant and equipment	*2d*	395.5	457.3
Intangible assets	*2f*	981.8	923.7
Net deferred tax assets	*6b*	11.5	15.1
Other assets		34.1	34.6
Employee benefits		(49.0)	(47.5)
Other liabilities		(9.9)	(2.7)
Net assets held for sale		94.8	-
		1,458.8	1,380.5
Net assets		1,185.2	1,185.6
Total equity		1,185.2	1,185.6
Gearing: *Net debt to Net debt + Equity*		*29.0%*	*27.0%*
Leverage: *Net debt to EBITDA***		*2.1 times*	*1.7 times*

* *References are to Notes to the Financial Statements*

** *EBITDA = Earnings before interest, tax, depreciation and amortisation, and impairment losses. The calculation of EBITDA is unaudited.*

Cashflow

The Group's operating cashflow was characterised by a solid conversion of earnings into cash with working capital being closely monitored and managed. At 105.3% the FY2017 ratio of cash from operations (before interest and tax) to EBITDA* was an improvement on the 97.1% achieved in FY2016 in an environment where clients are seeking to extend payment terms. EBITDA* interest cover was 8.5 times (2016: 7.7 times).

Capital expenditure of $58.7 million, acquisition activity of $106.4 million and dividends to shareholders ($58.0 million) drove investing and financing outflows during FY2017.

In millions of AUD	**Consolidated**	
	2017	**2016**
Net cash from operating activities	175.3	169.6
Net cash from investing activities	(104.4)	(88.0)
Net cash from financing activities	(113.7)	59.4
Net movement in cash and cash equivalents	(42.8)	141.0
Cash and cash equivalents at 1 April	297.9	163.0
Effect of exchange rate fluctuations on cash held	(6.2)	(6.1)
Cash and cash equivalents at 31 March	248.9	297.9
Cash conversion: *Cash from operations to EBITDA**	*105.3%*	*97.1%*
Interest cover: *EBITDA* to Net finance expense*	*8.5*	*7.7*

* *EBITDA = Earnings before interest, tax, depreciation and amortisation. The calculation of EBITDA is unaudited.*

Material business risks

The Group has an enterprise wide risk management framework that is structured to ensure its material business risks and controls are captured, assessed and regularly reviewed in a consistent manner.

The key material business risks and associated mitigation controls identified include:

- ALS is exposed to financial risks such as liquidity risk, interest rate risk, foreign exchange risk, and credit risk (counterparty exposure). Group treasury and cash management policies are in place to mitigate these risks, and key indicators are monitored monthly including gearing and leverage ratios, interest cover by EBITDA, minimum liquidity reserves, weighted average debt maturity, and earnings at risk.
- The Group's success is dependent upon attracting and retaining staff in key technical and management roles. ALS mitigates this risk by striving to be an employer of choice, implementing its organisational development programs, monitoring and benchmarking its employee benefits, career progression and succession planning, and oversight by the Board People Committee.
- ALS Commodities and Oil & Gas businesses operate in a cyclical resources sector with fluctuations in commodity prices and global demand. ALS mitigates this risk by ensuring the Group has a diverse testing and inspection service offering across a range of industry sectors and geographies. Other controls include a business model that allows for scalability of services, a disciplined focus on operational costs, and close monitoring of economic trends.
- ALS has a reliance on IT systems and infrastructure to manage and store its data. ALS mitigates this risk by having back-up systems and redundant servers located at offsite data centres, disaster recovery plans, and information management policies in place.
- The Group operates across a number of industries that have inherent safety risks. ALS mitigates this risk by making "safety as a priority" a core value of the Group. Management have implemented a robust safety management system, employed significant HSE resources, and through their strong leadership are developing a culture of safety within their businesses, overseen by the Board Sustainability Committee.
- ALS is a market leader in testing and inspection services. A loss of reputation due to poor quality service would erode market share. This risk is mitigated by implementing robust quality control policy and procedures, requiring its businesses to obtain third party accreditation to international quality standards where available, and investing in custom built laboratory information management systems.

State of affairs

Changes in the state of affairs of the Group during the financial year resulted from its continued strategy of business expansion and diversification in Life Sciences testing services. Specifically, the Group expanded and diversified its technical service capabilities through acquisitions in food and environmental testing in the UK, mainland Europe and South America.

In the opinion of the directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial statements.

Remuneration report

Dear Shareholders

On behalf of the Directors at ALS I present the remuneration report for the Group's Key Management Personnel (KMP) including executive management, the Managing Director & CEO (the "Executives") and its Non-Executive Directors (the "Directors").

I am pleased to report improved overall financial performance during the 2016-17FY from the Group's continuing operations (excluding the Oil & Gas businesses which the Company has announced it is divesting). While a challenging economic climate continued for parts of the Life Sciences and Industrial Divisions, it is particularly pleasing to note the improvement in the performance of the Commodities Division which has started to experience a recovery in operating conditions.

The result has been an increase over last year in the overall at-risk remuneration earned by executives with ALS again performing well against industry peers. The financial 'gateway' that was implemented to prevent STI payments being achieved from non-financial key performance indicators ("KPIs") when Divisional financial performance hurdles were not met, achieved its goals. The STI payments provide a fair outcome based on good financial performance and align better with shareholders' results.

The executives' long term incentive ("LTI") award which will vest on 1st July 2017 was achieved at the overall rate of 37.5% of the maximum potential as two of the four performance hurdles were not met and one hurdle was achieved only partially.

With higher at-risk pay being earned by executives, the total remuneration actually received by those who were employed for both 2016 and 2017 increased by 21.5% with CEO remuneration increasing by 46.1%. Executives received no increases in fixed remuneration at the July 2016 annual review.

Therefore, executive pay outcomes for 2016-17FY demonstrate an alignment with shareholders' outcomes and confirm that current remuneration policies along with adjusted at risk remuneration programs are working properly to ensure there is a correlation to company performance.

The Non-Executive Directors' overall fee pool remained unchanged during the year. Board sub-committees were restructured and this necessitated a slight re-configuration of the associated Committee fees. During the year the company introduced minimum shareholding guidelines for non-executive directors who are now expected to build a minimum shareholding of the equivalent of 50% of one year's fees after tax.

Examples of the executive KMP's STI Plan KPIs are included in the report to demonstrate the link between company strategy, executive performance and reward, and the outcomes for shareholders.

The LTI Plan Rules will continue to include the current four hurdles of TSR, EPS, EBITDA and ROCE. Following investor and proxy advisor feedback, the 'cliff vesting' aspect of the EBITDA hurdle has been removed for awards to be made in July 2017. The current mix of performance hurdles is seen to provide a good balance of measures to ensure sustainable financial performance, active capital management and will drive value from our funding and investment strategies. We believe that the adjustments made will drive sustainable financial performance for the next three year performance period and ensure a fair outcome for shareholders and executives alike.

Finally, the outlook for next year's remuneration is provided at the conclusion of this report.

Yours faithfully

Bruce Phillips
Chairman

Remuneration report (continued)

Table of Contents

1. Operational Performance Context 2016-17 - unaudited

The year was marked by a strategic review of operations as part of ALS's five year planning cycle and the concurrent CEO succession planning process. Both activities have now been concluded and the new five year strategy completed. The roll out of the strategy will commence in the 2017-18FY under the stewardship of Raj Naran in his new role of Managing Director and CEO.

During the year, the company maintained margin protection, continued aggressive cost management and prescribed a stronger focus on cash/debtor management. With the exception of Oil & Gas, all businesses delivered sound financial performance, especially when compared to competitors. The continuing poor performance of the Oil & Gas businesses has led to a rethink on the value of continuing in this sector and as already announced a planned exit from this sector is now underway.

A summary of our financial performance from continuing operations is provided below and in more detail on page 5:

Revenue	$1,272.3 million		
Underlying NPAT	$112.7 million	Underlying EPS	22.4 cents
Underlying EBIT	$186.1 million	Underlying EBIT margin	14.6%

Executive remuneration strategy and instruments were reviewed and consequent actual pay outcomes during the year continue to be aligned to shareholder outcomes.

Changes impacting Remuneration

Fixed remuneration for executive KMPs was frozen in recognition of company performance being below expectations. Maximum potential STI and LTI components as a percentage of fixed pay were unchanged.

Short term incentives earned by executives for FY2016-17 reflect financial performance and the achievement or otherwise of personal key performance indicators ("KPIs") demonstrating an alignment with outcomes for shareholders.

The executives' long term incentive ("LTI") award which will vest on 1st July 2017 was achieved at the overall rate of 37.5% of the maximum potential as two of the four performance hurdles were not met and one hurdle was achieved only partially.

For the Non-Executive Directors, a review of market peers demonstrated that the fee pool which was last revised in the 2012 FY was still appropriate. A review of the structure of the Board sub-committees led to an adjustment in individual director fees to reflect membership of the sub-committees accordingly. However, the total directors' fees pool remained unchanged during the reporting period.

Remuneration report (continued)

2. Key Management Personnel - audited

Name	Position	Term as KMP in 2016-17
Non-executive directors		
Bruce Phillips	Chairman Member of People Committee	Full year
Mel Bridges	Member of Audit and Risk Committee Member of Sustainability Committee	Full Year
Grant Murdoch	Chairman of Audit and Risk Committee	Full Year
John Mulcahy	Chairman of People Committee	Full Year
Charlie Sartain	Chairman of Sustainability Committee Member of Audit and Risk Committee	Full Year
Tonianne Dwyer	Member of People Committee Member of Sustainability Committee	Appointed 1 July 2016
Former director: Nerolie Withnall	Formerly Chairman of Directors and Member of Audit & Risk and People Committees	Retired 26 July 2016
Executive KMPs		
Greg Kilmister	Executive Director Managing Director and Chief Executive Officer (CEO)	Full Year
Raj Naran	Deputy CEO *(refer page 3)* Group General Manager, Life Sciences	Appointed 27 February 2017 Full Year
Kristen Walsh	Group General Manager, Industrial	Full Year
Richard Stephens	Chief Financial Officer	Full Year
Brian Williams	Group General Manager, Commodities	Full Year

Table 1

Note: references in this remuneration report to "Executives" are references to those executives who are KMPs as listed above, including where relevant the CEO

Service Contracts

The Group has formal service agreements with its non-executive directors. Non-executive directors are not entitled to any retirement or termination benefits. Executives have continuous service agreements that can be terminated by either party. In the event of termination without cause, the Group is required to pay Executives between three and twelve months of salary.

Unvested equity grants may lapse, remain on foot, or vest on termination, depending on the circumstances, in accordance with the LTI Plan Rules, at the board's discretion and in accordance with section 200B and section 200E of the Corporations Act. Termination on the basis of redundancy, death or from an age or ill-health retirement allows for proportionate vesting of the grants. Grants do not vest in the event of voluntary termination or termination with cause.

Remuneration report (continued)

3. Executive Remuneration Strategy – Summary 2016-17 - audited

ALS Group Vision	ALS is committed to maintaining the sound and sustainable growth strategies which have made us a successful global Company. We maintain the rewarding partnerships we share with our clients, business partners, shareholders and communities whilst identifying and developing new opportunities.

Translated into Group Strategy and developed into group structure, plans and policies:

Group Strategy	The Group's five year Strategic Plan drives all activities in the business. Each year an annual business plan is prepared for each Business Unit which examines the components that will need to be achieved during the year; and longer term goals are recalibrated and adjusted as required.

The Group's five year Strategic Plan is translated to the remuneration strategy that will assist the Group in achieving its financial and other business goals

Executive Reward Strategy	Transparent link to individual performance	Adjusted annually in response to external changes	Reasonable, fair and equitable	Provides sustainable platform for growth

Delivered through the remuneration components of Fixed versus (Maximum) Variable remuneration:

Key Remuneration Components:	Fixed Remuneration (including cash, pension and benefits)	Short Term Incentives – cash based	Long Term Incentives – equity based
Managing Director	46%	27%	27%
Executive KMP (Average)	60%	20%	20%

Business and Operational Risk Management is built into the remuneration policies:

Managing Risk	STI forfeiture and clawback provisions	Board discretion for unforeseen conditions	Aligns to external peer pay levels for executive attraction and retention	KPIs include safety	Financial gateways ensure affordability	Multiple measures for a complete performance assessment and risk diversification

Remuneration is designed to align executive reward to growth in shareholder value:

Alignment with Shareholders	STI Financial KPIs require financial growth against last year's performance	Use of four balanced measures: TSR, EBITDA, EPS and ROCE – promotes sustainable performance.	Global and local Peer performance comparisons for fair assessment	Partly received in equity

STI KPIs reward improved financial and HSE outcomes:

Short Term Incentives	1 Year performance Period	60% of the reward is set against Financial KPIs	5% of the reward is set against Health, Safety & Environment KPIs	35% is reserved for Business Plan milestones and to allow for Board discretion

The LTI is contingent on multiple performance measures to ensure sustainable performance and aligns key executives' financial outcomes with Shareholder interests:

Long Term Incentives	3 Year performance Period	Hurdle 1: EPS Growth	Hurdle 2: TSR – against ASX100 peers	Hurdle 3: Relative EBITDA margin – against industry peers	Hurdle 4: ROCE

Fortified and tested through robust governance:

Governance	Independent directors	Board has ultimate discretion over all reward components	External remuneration advisors are appointed and managed by the Board

Table 2

Restructure of Board Sub-Committees

During the year, the Board undertook a comprehensive review of its sub-committees and their respective charters. The review included analysis of governance needs in the light of the Company's evolution over time. The outcome was the creation of a new sub-committee and extension of existing activities with each committee gaining new tasks and mandates that better support the strategic needs of the company that ALS has become over time. The revised list of sub-committees is:

1. People Committee (formerly Remuneration Committee)
2. Audit & Risk Committee (formerly Audit & Compliance Committee)
3. Sustainability Committee (new committee)

The updated Charters for each of the committees can be found on the company's website.

People Committee

The Board created a new wider scope for the existing Remuneration Committee. Recognising the importance of having a qualified, trained, engaged and properly remunerated workforce the Board now operates a People Committee (the "committee").

The committee consists of three independent non-executive directors. The committee continues to consider all aspects of remuneration strategy, policy and process for executive key management personnel and non-executive directors. The committee also considers broader remuneration strategy and has oversight of key remuneration programs for the Company globally. Remuneration changes for all non-executive directors, the Managing Director and executive KMPs are considered and approved by the Board after receiving recommendations from the committee.

Additional elements of focus for the committee now include performance management for the CEO and executive management, workplace culture, key talent development and succession planning, diversity and broader human resources risk management.

The committee conducts annual reviews of its charter, the Group remuneration and benefits policies and plans, the structure and details of all Directors' fees, remuneration packages, market and industry sector trends in relation to Director and executive remuneration practices and remuneration levels.

Fixed versus Variable Remuneration

The breakdown of the fixed remuneration and at risk remuneration for the Managing Director and Executive KMPs, is shown in Table 2 above. The components of variable remuneration included show maximum potential outcome for target performance. 40 percent or more of pay is at risk to ensure that executives will benefit from achieving strong company performance but receive less pay if company performance falls below expectations. The costs of executive pay therefore vary directly with capacity to pay, ensuring fair pay outcomes.

External Remuneration Consultants

ALS engages with the Hay Group and EY (Australia) to provide benchmark data, as well as market practice input to remuneration strategy and mechanisms from time to time.

The Hay Group provides job evaluation and global remuneration data for middle manager up to chief executive officer level roles; their PayNet (remuneration) database is also utilised across key geographies. To ensure their independence from executive management, Hay Group was engaged directly by the Board for the CEO remuneration advice including setting the remuneration for the incoming CEO Raj Naran.

EY (Australia) provide valuation services in respect of our Long Term Incentive Plan.

Fees paid for remuneration advice during the financial year were: Hay Group - $7,150 (2016: $53,224), EY (Australia) - $19,000 (2016: $19,000) and Guerdon Associates - $10,710. No fees were paid to these providers for other services during the year.

4. Non-Executive Director Remuneration - audited

As announced on 31 March 2016, Nerolie Withnall retired from the Board at the conclusion of the AGM on 26 July 2016. The Board elected Bruce Phillips to be the new Chairman following the AGM. Tonianne Dwyer was appointed effective 1 July 2016 to fill the vacancy caused by Ms Withnall's retirement and her appointment was confirmed by shareholders at the 2016 AGM.

With four new Directors appointed in the last five years, the Company is satisfied that the Board is independent.

Key Components of Non-Executive Director Remuneration

No element of Non-Executive Director remuneration is 'at risk'. Fees are fixed and not based on the performance of the Company or equity-based. Directors' fees are reviewed annually and increased if appropriate. Directors are paid base fees and if applicable, a fee for membership of a committee. The Chairman receives only a base fee.

The fixed fee pool for Directors remained unchanged for the 2016-17 FY at a maximum of $1,500,000. A revised fee structure came into effect on 1 August 2016 following the reorganisation of sub-committees, this is set out in Table 3. Fees and the pool are inclusive of mandatory superannuation contributions.

Non-Executive Director – Fee Structure * ***Effective 1 August 2016***		***Fixed Pool: $1,500,000 per annum*** ***Total fees paid FY2016-17: $1,243,888***	
Base Director Fees	Committee Fees		
Chairman Annual fee compensates for all Board & Committee activities $321,000	**Audit & Risk Committee Chair Fee** Fee for the Committee, reflects the significant workload $25,000	**Chairs of People Committee and Sustainability Committee** $12,500	**Committee Fees** Flat fee for each Committee membership $6,000
Non-executive directors Annual fee $165,000			

* Pool and fees include superannuation benefits

Table 3

Remuneration report (continued)

5. Actual Remuneration – FY 2016-17 - audited

Non-Executive directors

The current remuneration pool, including superannuation, for all non-executive directors is $1,500,000 per annum as approved by shareholders at the 2012 AGM. Non-executive directors are paid base and committee membership fees only, which are fixed by the Board. The directors are entitled to be reimbursed for all travel and related expenses properly incurred in connection with the business of the Company.

During the year the company introduced minimum shareholding guidelines for non-executive directors who are now expected to build a minimum shareholding of the equivalent of 50% of one year's after tax fees – this may be built up over a three year period from date of commencement. The quantum of the shareholding will be based on cost outlay made to acquire the shares and the fees quantum will be based on net fees assuming the top marginal PAYG Taxation rate.

The levels of Directors' remuneration are set having regard to independent survey data and publicly available information about fees paid to non-executive directors in comparable companies.

The Group's practice is to review remuneration for non-executive directors as of 1 July every year, however this year following a review of the Board sub-committee structure a revised fee schedule took effect from 1 August 2016 (refer Table 3 above).

Details of the nature and actual amount of each element of remuneration of each non-executive director are set out below.

Directors:	In AUD	Short-term (Salary & fees) $	Long term (D&O insurance premiums) $	Post-employment (Superannuation benefits) $	Total $
Non-executive directors					
Bruce Phillips (apptd Chair 26 Jul 2016; apptd Director 1 Aug 2015)	2017	251,127	661	23,857	275,645
	2016	108,315	424	10,290	119,029
Mel Bridges	2017	165,734	661	15,745	182,140
	2016	173,914	637	16,522	191,073
Grant Murdoch	2017	173,649	661	16,497	190,807
	2016	173,914	637	16,522	191,073
John Mulcahy	2017	162,224	661	15,411	178,296
	2016	162,473	637	15,435	178,545
Charlie Sartain	2017	165,877	661	15,758	182,296
	2016	135,394	637	42,514	178,545
Tonianne Dwyer (appointed 1 July 2016)	2017	121,233	496	11,517	133,246
	2016	-	-	-	-
Nerolie Withnall (retired 26 July 2016)	2017	96,127	220	9,132	105,479
	2016	301,370	637	28,630	330,637
Ray Hill (retired 30 July 2015)	2017	-	-	-	-
	2016	54,158	212	5,145	59,515
Bruce Brown (retired 30 July 2015)	2017	-	-	-	-
	2016	54,158	212	5,145	59,515
Total: Non-executive directors	**2017**	**1,135,971**	**4,021**	**107,917**	**1,247,909**
	2016	**1,163,696**	**4,033**	**140,203**	**1,307,932**

Table 4

Remuneration report (continued)

5. Actual Remuneration – FY 2016-17 – audited (continued)

Executive KMPs

Executives receive fixed remuneration, an STI paid in cash and an LTI in the form of performance rights that vest three years later, subject to meeting performance hurdles and continued employment conditions. The Group's practice is to review fixed remuneration for executives as of 1 July every year.

Table 5.1 below lists the remuneration actually received in relation to the financial years ending March 2016 and 2017, comprising fixed remuneration, cash STIs relating to each year and the value of LTI grants that vest during each year. This information differs from that provided in the statutory remuneration Table 5.2 which shows the accounting expense of remuneration in respect of each year, determined in accordance with accounting standards rather than the value of remuneration (including LTI grants that vested) received during the year.

No increases were made to total remuneration packages at 1 July 2016. Increases in fixed remuneration below reflect changes made to packages on 1 July 2015.

Remuneration actually received:

	In AUD	Fixed remuneration (Salary, allowances and superannuation / pension benefits) $	STI (a) $	Termination benefits $	Total cash payments received $	Equity vested during year (b) $	Total remuneration received $
Executive director:							
Greg Kilmister	2017	1,596,500	664,299	-	**2,260,799**	55,360	**2,316,159**
	2016	1,584,875	-	-	**1,584,875**	-	**1,584,875**
Executives:							
Raj Naran (c)	2017	1,010,920	-	-	**1,010,920**	13,835	**1,024,755**
	2016	944,011	168,322	-	**1,112,333**	-	**1,112,333**
Kristen Walsh	2017	575,000	20,000	-	**595,000**	9,830	**604,830**
	2016	575,000	-	-	**575,000**	-	**575,000**
Richard Stephens	2017	566,500	70,716	-	**637,216**	8,190	**645,406**
	2016	562,375	-	-	**562,375**	-	**562,375**
Brian Williams	2017	721,000	203,250	-	**924,250**	14,415	**938,665**
	2016	715,346	-	-	**715,346**	-	**715,346**
Sub-total: Full Year Executives	**2017**	**4,469,920**	**958,265**	-	**5,428,185**	**101,630**	**5,529,815**
	2016	**4,381,607**	**168,322**	-	**4,549,929**	-	**4,549,929**
Former Executives:							
Paul McPhee (d)	2017	-	-	-	-	-	-
	2016	644,038	-	469,762	**1,113,800**	105,338	**1,219,138**
Total: All executives	**2017**	**4,469,920**	**958,265**	-	**5,428,185**	**101,630**	**5,529,815**
	2016	**5,025,645**	**168,322**	**469,762**	**5,663,729**	**105,338**	**5,769,067**

Table 5.1

(a) STI expense accrual, although actual STIs are paid annually following the end of the financial year to which they relate.

(b) Performance rights are granted annually under the LTI Plan to executives earning an STI payment in two of the previous three financial years. Refer to note 8a for details. The amounts above represent the value of performance rights granted in previous years which vested and were exercised during the year. It is calculated as the number of shares allocated to executives multiplied by the closing market price of ALS shares on the vesting date.

(c) Raj Naran was based in the USA for 12 months of the 2016-17 year (2015-16: 11 months) and was paid in US dollars during that period. Relevant portions of his salary, STI and pension benefits have been translated into Australian dollars above at the average exchange rate of US$0.75 (2015-16: US$0.74). Mr Naran's salary and pension benefits are paid fortnightly and there were 27 pay periods this year (2015-16: 26 pay periods).

(d) Paul McPhee ceased employment with the Group on 2 October 2015.

Remuneration report (continued)

5. Actual Remuneration – FY 2016-17 – audited (continued)

Executive KMPs

***Remuneration as determined in accordance with accounting standards** (c):*

	In AUD	Short-term			Long-term		Post-employment	Termination benefits $	Total $
		Salary $	STI (a) $	Non-monetary benefits (b) $	Value of share-based awards (c) $	D&O insurance premiums $	Superannuation & pension benefits $		
Executive director:									
Greg Kilmister (d)	2017	1,561,500	664,299	-	215,200	661	35,000	-	2,476,660
	2016	1,530,795	-	19,080	339,253	637	35,000	-	1,924,765
Executives:									
Raj Naran (e)	2017	996,050	-	-	115,409	316	14,870	-	1,126,645
	2016	930,671	168,322	-	80,353	298	13,340	-	1,192,984
Kristen Walsh	2017	550,000	20,000	-	100,790	316	25,000	-	696,106
	2016	550,000	-	-	64,731	298	25,000	-	640,029
Richard Stephens	2017	532,000	70,716	-	70,571	316	34,500	-	708,103
	2016	532,375	-	-	49,513	298	30,000	-	612,186
Brian Williams (d)	2017	686,349	203,250	-	57,433	316	34,651	-	981,999
	2016	681,251	-	-	88,682	298	34,095	-	804,326
Sub-total: Full Year Executives	**2017**	**4,325,899**	**958,265**	**-**	**559,403**	**1,925**	**144,021**	**-**	**5,989,513**
	2016	**4,225,092**	**168,322**	**19,080**	**622,532**	**1,829**	**137,435**	**-**	**5,174,290**
Former Executives:									
Paul McPhee (e)	2017	-	-	-	-	-	-	-	-
	2016	621,722	-	-	25,136	149	22,316	469,762	1,139,085
Total: Executives	**2017**	**4,325,899**	**958,265**	**-**	**559,403**	**1,925**	**144,021**	**-**	**5,989,513**
	2016	**4,846,814**	**168,322**	**19,080**	**647,668**	**1,978**	**159,751**	**469,762**	**6,313,375**

Table 5.2

(a) STI expense accrual, although actual STIs are paid annually following the end of the financial year to which they relate.

(b) Non-monetary benefits comprise the payment of allowances.

(c) Performance rights are granted annually under the LTI Plan to executives earning an STI payment in two of the previous three financial years. Refer to note 8a for details. The fair value of performance rights granted is calculated using Binomial Tree (EPS and EBITDA hurdles) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies and allocated to each financial year evenly over the period from grant date to vesting date. **Note that the valuation is not reflective of actual remuneration received by the executive.**

(d) Greg Kilmister and Brian Williams will cease employment with the Group in July 2017. They are both entitled to an STI payment for the 2016-17 year determined by reference to the achievement or otherwise of their respective KPIs. In accordance with the LTI Plan Rules, as "good leavers" the rights attaching to all of their 2014 awards, two-thirds of their 2015 awards and one-third of their 2016 awards will remain available for vesting on the pre-existing vesting dates. The values of share-based awards above have been reduced by the amounts relating to rights lapsing under these arrangements.

(e) Raj Naran was based in the USA for 12 months of the 2016-17 year (2015-16: 11 months) and was paid in US dollars during that period. Relevant portions of his salary, STI and pension benefits have been translated into Australian dollars above at the average exchange rate of US$0.75 (2015-16: US$0.74). Mr Naran's salary and pension benefits are paid fortnightly and there were 27 pay periods this year (2015-16: 26 pay periods).

Remuneration report (continued)

6. Short Term Incentive Plan – audited

The Board sets the maximum amounts which can be earned as an STI for each executive and also approves their STI Plan scorecards annually. KPIs are structured so that they focus executives on factors that most impact shareholder value, whether it be via superior financial performance or by KPIs that drive value through strategic initiatives.

Payments to the CEO may not exceed 60% of his fixed remuneration and payments for other Executives are between 25% and 40% of their fixed remuneration. STI payments are contingent on the achievement of specified financial and other performance indicators (KPIs) for the financial year, as follows:

Gateway

To ensure that ALS' STI Plan continues to reward exceptional performance, it is a requirement that at least 90% of the first financial hurdle is met before the individual or non-financial KPIs yield a payment. The financial hurdles are set for the business units that are within the executive's sphere of control. The first financial hurdle is worth up to 30% of the total STI quantum and is based on an improvement on the previous years' performance.

Financial KPIs

- for the CEO 60% of the maximum potential STI payment depends on achievement of KPIs based on Group underlying net profit after tax ("NPAT");
- for other executive KMPs 60 - 90% depends on achievement of KPIs based on earnings before interest and tax for individual business units under their direct control.

Non-Financial KPIs

Non-financial KPIs form approximately 10 – 40% of the maximum potential STI payment. However, if threshold financial performance is not met as noted above, there is no STI payment despite the executive having achieved their non-financial KPIs.

A portion of non-financial KPIs has the executives' performance viewed against the performance of peer companies or performance relative to the market environment.

Health, safety, the environment and risk management were included as a mandatory KPI as in previous years. This KPI was set against the Positive Performance Indicator (PPI) Scorecard of health, safety and environmental lead indicators. A minimum score of 90% is required to achieve the HSE KPI.

Other non-financial KPIs are set using each division's annual business plan. The annual business plan provides for a balanced scorecard of improvements, initiatives and cost management programs relevant to the business of the executive in the global locations in which it operates.

In order to better manage cash flow and potential bad debts in the Company, a debtor-days KPI was introduced in FY 2016-17 for relevant executives and managers.

Non Payment and Clawbacks

Payments are not made to executives found to have misrepresented their financial and non-financial KPI results; misrepresentations discovered after an STI payment has been made will require the executive having to return the payment to the Company.

Remuneration report (continued)

6. Short Term Incentive Plan – audited

CEO Key Performance Indicator outcomes

The CEO's 'gateway' NPAT target was fully met as were all his non-financial KPIs. The second NPAT hurdle was however only partially met. An STI payment is due at 71% of the total potential.

The CEO's non-financial KPIs are not provided as they contain commercially sensitive information.

A Sample of 2016-17 KMP executives' Key Performance Indicators

5 Year Strategic Plan Objectives / ALS Core Values	Annual Business Plan - KPIs	Comments and achievements	Outcome for Shareholders
Core Value – "Safety as a Priority"	Health, safety, environment & risk management Targets.	>90% achievement on ALS' Positive Performance Indicator scorecard.	Reduces risk. Better Environmental, Social & Governance rating. Protection of the ALS Brand.
CEO Succession	Support a seamless CEO transition process and put in place executive succession plans, measured according to steps taken by you during the year to facilitate the eventual smooth transition to a new CEO.	Achieved.	Consistent leadership and stability for the company.
Cost Base Management	Delivery of an effective receivables management plan	Achieved	Lower debt required, improved cashflow, ROS and EBIT outcomes.
Growth of non-resources industry businesses	Life Sciences Division -A significant Food sector acquisition in Europe	Achieved and designed to drive a growth business in a non-resources industry.	Diversifies revenue stream for better risk management. New sources of revenue for future profits and growth in shareholder wealth.
	Life Sciences Division – Restructure Canadian and South American businesses	In progress – partially achieved	Foundations in place for future improvements in Divisional financial performance.
Growth and profitability of resources industry businesses	Industrial Division - Improved ROS for the Global Tribology business	Not achieved	ROS remained steady for the Tribology business.
	Minerals Division - Strategic initiatives to improve Cost Base Management, Business Development for market share growth and productivity and efficiency.	Achieved	Market share growth, improved ROS/EBIT through efficiencies and cost savings.
	Asset Care – Improve ROS margin for the Australasian region	Achieved	Operational efficiency with consequent cost savings.
Delivery of ALS Strategic Plan Objectives	All Divisions and Functions: Achievement of Annual Business Plan Objectives as measured against monthly scorecard.	Prioritised list of goals achieved that deliver excellence in a range of areas identified in the strategic plan.	Long term sustainable financial performance and growth of the business.

Table 6

**quantum withheld due to commercial sensitivities*

Remuneration report (continued)

6. Short Term Incentive Plan – audited (continued)

Executive STI Performance vested / forfeited

Below are details of the outcomes of the STI Plan, for 2016-17 and the previous year, awarded as remuneration to each of the named Executives:

		Included in remuneration $ (a)	% earned	% forfeited (b)
Executives				
Greg Kilmister	2017	664,299	71	29
	2016	-	0	100
Raj Naran	2017	-	0	100
	2016	168,322	55	45
Kristen Walsh	2017	20,000	10	90
	2016	-	0	100
Richard Stephens	2017	70,716	51	49
	2016	-	0	100
Brian Williams	2017	203,250	81	19
	2016	-	0	100
Paul McPhee (c)	2017	n/a	n/a	n/a
	2016	-	0	100

Table 7

(a) Amounts included in remuneration for the financial year represent the amounts that vested in the financial year based on the achievement of personal goals and satisfaction of specified performance criteria.

(b) The amounts forfeited are due to the performance or service criteria not being met in relation to the financial year.

(c) Mr McPhee ceased employment with the Group in October 2015.

7. Long Term Incentive Plan - audited

Long Term Incentive Plan Hurdles

Following review of the feedback from Shareholder groups and a review of current best practice, the Board undertook to review and overhaul the LTI Plan. As from the 2016 awards, LTI Plan hurdles now include a new Return on Capital Employed (ROCE) hurdle worth 25% of the total award, replacing the Total Shareholder Return (TSR) hurdle that used an industry peer group as a comparator for company performance. The same industry peers are already included in the current relative EBITDA hurdle. The underlying earnings per share (EPS) hurdle remains as the fourth LTI Plan hurdle. The structure and substance of the 2016 award hurdles is set out later in this report.

The LTI Plan is designed to reward and motivate our senior executives for superior company performance over a three year performance period.

The principal goals of the LTI Plan are to:

(a) Focus executives on long term outcomes required by the Board;
(b) Minimise risk by ensuring performance was measured across multiple factors important to shareholder value, rather than a single measure, and provide a counter balance for any tendency to focus on short term outcomes;
(c) Retain key, high performing executives;
(d) Align executives' reward with shareholders' interests by payment in equity;
(e) Encourage share ownership in ALS; and
(f) Encourage teamwork through company performance hurdles.

Directors' report (continued)

For the year ended 31 March 2017

Remuneration report (continued)

7. Long Term Incentive Plan – audited (continued)

Remuneration under the LTI Plan is in the form of equity-settled performance rights; and in jurisdictions where securities legislation does not permit this, the rights are cash-settled.

The number of performance rights granted to an executive is calculated by dividing the amount of the executive's LTI maximum potential payment by the volume weighted average price (VWAP) of the Company's shares over the 20 trading days following the date of announcement of the final full year results for the financial year preceding the period to which the grant of performance rights relate. The calculation for the 2016 awards differed because of the approach received on 1 June 2016 from Advent/Bain to acquire the Company for $5.30 per share. The Board exercised its discretion under the LTI Plan to review the trading period used to determine the number of performance rights to be issued and adopted the 20 trading days VWAP for the period up to and including 31 May 2016 (being the day before trading was halted at $4.05 per share just before the approach was announced to the market).

Performance Hurdles

Performance hurdles are assessed at the end of the performance period and the performance rights become exercisable, in whole or in part, or lapse from 1 July following the end of the performance period.

Each equity-settled performance right which vests and is exercised converts to an ordinary share in the Company at nil exercise price; the amount payable per each vested cash-settled performance right is the VWAP of the Company's shares over the 20 trading days following the release of the Company's full year results for the final year of the performance period.

The LTI plan rules prohibit those who are granted performance rights from entering into arrangements that limit their exposure to share price decreases and the executive must be employed in the Group on the vesting date to be eligible for issue of the shares (equity-settled rights) or receipt of payment (cash-settled rights).

Compound annual underlying EPS growth on a fully diluted basis was chosen because it provides a good indicator of the shareholder value derived from earnings growth and can be directly influenced by management.

Relative TSR provides a good indicator of the value derived from capital growth and distributions to shareholders. Two peer groups are used. One peer group comprises ALS' direct global competitors, and so reflects how well ALS management does in a very competitive environment (noting however that this hurdle has been discontinued from the 2016 awards). The other peer group comprises the ASX100 index companies. These companies represent the alternative investment choices for many of our investors.

The relative EBITDA margin hurdle was chosen because it is focused on driving cash earnings and productivity. The EBITDA hurdle measures ALS' relative EBITDA margin against the EBITDA margins of its key global competitors. It is a measure over which management has direct influence and provides for a fair assessment of performance against our global competitors.

A new ROCE hurdle was introduced as it is a relevant measure to use when assessing the Company's success or otherwise in increasing its net worth – i.e. it needs to generate returns in excess of its cost of capital in order to add to its value. In order to provide an incentive for superior performance, the respective ROCE hurdles were set at 2% and 7% above the March 2016 weighted average cost of capital (WACC) with straight line vesting in between the lower and upper hurdles.

Remuneration report (continued)

7. Long Term Incentive Plan – audited (continued)

The performance hurdles and vesting proportions for the awards granted in 2014, 2015 and 2016 are as follows:

2014 Award Hurdles

Proportion of total performance rights that may be exercised if EPS growth hurdle is met	Compound annual diluted EPS growth over the period 1 April 2014 to 31 March 2017
0%	Less than 5% per annum
12.5% of total grant	5% per annum
Straight line vesting between 12.5% and 25%	Between 5% and 9% per annum
25% of total grant	9% or higher per annum

Proportion of total performance rights that may be exercised if EBITDA hurdle is met	EBITDA margin of ALS Ltd relative to EBITDA margin of comparator companies over the period 1 April 2014 to 31 March 2017
0%	Less than the 50th percentile
25% of total grant	50th percentile or higher
	Comparator companies: Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA), Applus (Spain/Singapore), Exova (UK)

Proportion of total performance rights that may be exercised if TSR hurdle is met	TSR of ALS Ltd relative to TSRs of industry peer companies over the period 1 April 2014 to 31 March 2017	TSR of ALS Ltd relative to TSRs of companies in the ASX100 Index over the period 1 April 2014 to 31 March 2017
0%	Less than the 50th percentile	Less than the 50th percentile
12.5% per comparator group	50th percentile	50th percentile
Straight line vesting between 12.5% and 25% per comparator group	Between 50th percentile and 75th percentile	Between 50th percentile and 75th percentile
25% of total grant per comparator group	75th percentile or higher	75th percentile or higher
	Comparator companies: Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA) Applus (Spain/Singapore), Exova (UK)	Comparator companies: Companies included in the ASX 100 Index as at 1 April 2014

ALS Limited and its subsidiaries

Directors' report (continued)

For the year ended 31 March 2017

Remuneration report (continued)

7. Long Term Incentive Plan – audited (continued)

2015 Award Hurdles

Proportion of total performance rights that may be exercised if EPS growth hurdle is met	Compound annual diluted EPS growth over the period 1 April 2015 to 31 March 2018
0%	Less than 5% per annum
12.5% of total grant	5% per annum
Straight line vesting between 12.5% and 25%	Between 5% and 9% per annum
25% of total grant	9% or higher per annum

Proportion of total performance rights that may be exercised if EBITDA hurdle is met	EBITDA margin of ALS Ltd relative to EBITDA margin of comparator companies over the period 1 April 2015 to 31 March 2018
0%	Less than the 50th percentile
25% of total grant	50th percentile or higher
	Comparator companies: Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA), Applus (Spain/Singapore), Exova (UK)

Proportion of total performance rights that may be exercised if TSR hurdle is met	TSR of ALS Ltd relative to TSRs of industry peer companies over the period 1 April 2015 to 31 March 2018	TSR of ALS Ltd relative to TSRs of companies in the ASX100 Index over the period 1 April 2015 to 31 March 2018
0%	Less than the 50th percentile	Less than the 50th percentile
12.5% per comparator group	50th percentile	50th percentile
Straight line vesting between 12.5% and 25% per comparator group	Between 50th percentile and 75th percentile	Between 50th percentile and 75th percentile
25% of total grant per comparator group	75th percentile or higher	75th percentile or higher
	Comparator companies: Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA) Applus (Spain/Singapore), Exova (UK)	Comparator companies: Companies included in the ASX 100 Index as at 1 April 2015

Remuneration report (continued)

7. Long Term Incentive Plan – audited (continued)

2016 Award Hurdles

Proportion of total performance rights that may be exercised if EPS growth hurdle is met	Compound annual diluted EPS growth over the period 1 April 2016 to 31 March 2019
0%	Less than 5% per annum
12.5% of total grant	5% per annum
Straight line vesting between 12.5% and 25%	Between 5% and 9% per annum
25% of total grant	9% or higher per annum

Proportion of total performance rights that may be exercised if EBITDA hurdle is met	EBITDA margin of ALS Ltd relative to EBITDA margin of comparator companies over the period 1 April 2016 to 31 March 2019
0%	Less than the 50th percentile
25% of total grant	50th percentile or higher
	Comparator companies: Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA), Applus (Spain/Singapore), Exova (UK)

Proportion of total performance rights that may be exercised if TSR hurdle is met	TSR of ALS Ltd relative to TSRs of companies in the ASX100 Index over the period 1 April 2016 to 31 March 2019
0%	Less than the 50th percentile
12.5% per comparator group	50th percentile
Straight line vesting between 12.5% and 25% per comparator group	Between 50th percentile and 75th percentile
25% of total grant per comparator group	75th percentile or higher
	Comparator companies: Companies included in the ASX 100 Index as at 1 April 2016

Proportion of performance rights that may be exercised if ROCE hurdle is met	ROCE Performance of ALS Ltd based on a 3 year average over the period 1 April 2016 to 31 March 2019
0%	Below 11.2% *
Straight line vesting between 0% and 25% of total grant	Between 11.2% and 16.2% *
25% of total grant	At or above 16.2% *

* Based on March 2016 pre-tax Nominal WACC (midpoint) for ALS as calculated by Merrill Lynch

Remuneration report (continued)

7. Long Term Incentive Plan – audited (continued)

Measurement of the LTI Plan Hurdles

Underlying Earnings per Share (EPS)

The growth in earnings per share is calculated by comparing the diluted underlying EPS from continuing operations achieved by the Group in the base year (e.g. year to March 2016) with that achieved in the final year of the performance period (e.g. year to March 2019).

Diluted EPS is calculated by dividing the underlying net profit after tax attributable to shareholders of ALS Ltd by the weighted average number of ordinary shares on issue for the year being measured (diluted for outstanding equity-settled performance rights).

Following finalisation of ALS' financial results for FY2016-17 the compound annual growth rate (CAGR) in the Company's diluted underlying EPS over the three year period to March 2017 was negative 23% (from 43.0 cents to 19.4 cents) which is below the minimum threshold of a 5% increase. Thus no rights subject to the EPS hurdle will vest on 1 July 2017.

Underlying Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

The EBITDA margin measurement is contingent upon performance of the Company against a group of comparator peer companies that are comprised of our key global competitors. It is calculated on the following basis:

Cumulative Underlying Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) is calculated as a percentage of Revenue over the three year performance period. This is compared with the cumulative EBITDA margins reported by each of the peer companies for the three financial years ending on or before 31 March of the year of vesting.

Following finalisation of ALS' financial results for FY2016-17 the underlying EBITDA margin achieved by the Company over the three year period to March 2017 was 19.5%. As shown below this placed ALS at the 50th percentile when ranked within the group of industry peer companies. Thus all of the rights subject to the EBITDA hurdle (25% of the total number possible) will vest on 1 July 2017.

Company	Currency	Cumulative underlying EBITDA (m)	Cumulative Revenue (m)	EBITDA Margin %	Rank	Percentile
Core Laboratories	USD	675	2,477	27.2%	1	100.0%
SGS	CHF	3,615	17,580	20.6%	2	87.5%
Exova	GBP	181	900	20.1%	3	75.0%
Intertek	GBP	1,329	6,827	19.5%	4	62.5%
ALS	***AUD***	***822***	***4,223***	***19.5%***	***5***	***50.0%***
Bureau Veritas	EUR	2,557	13,356	19.1%	6	37.5%
Eurofins	EUR	1,069	5,897	18.1%	7	25.0%
Applus	EUR	605	4,907	12.3%	8	12.5%
Mistras	USD	211	2,054	10.3%	9	0.0%

Total Shareholder Return (TSR)

TSR measures the growth over the performance period in the price of shares plus dividends notionally reinvested in shares.

In order for any or all of the TSR Hurdle Rights to vest under the TSR performance hurdle, ALS' TSR for the Performance Period must be at the 50th percentile or higher against the TSRs of the nominated groups of comparator companies for the same period. The comparator groups may be adjusted from time to time by the Board in its discretion (for example, if one of those companies is delisted in the future or it's TSR is no longer ascertainable).

The Company's performance over the three year period to March 2017 relative to the ASX100 comparator group was below the 50th percentile required to achieve any vesting, therefore no rights will vest in relation to this comparator group. However performance against the industry peer group was at the median as shown below. Thus half the rights attaching to the industry peer group TSR hurdle (12.5% of the total number possible) will vest on 1 July 2017.

ALS Limited and its subsidiaries

Directors' report (continued)

For the year ended 31 March 2017

Remuneration report (continued)

7. Long Term Incentive Plan – audited (continued)

2014 TSR grant performance: International peers					
Rank	Entity name	TSR	Percentile	Potential level of vesting	
1	Eurofins Scientific AG	115.36%	100.0	100.0%	
2	Intertek Group Public Limited Company	34.55%	83.3	100.0%	
3	SGS SA	9.13%	66.7	100.0%	
4	Exova Group Limited Company	7.76%[3]	62.5	75.0%	75th percentile
5	ALS Limited	-3.22%	50.0	50.0%	Median
6	Mistras Group Incorporated	-7.74%	33.3	0.0%	25th percentile
7	Bureau Veritas International	-9.23%	16.7	0.0%	
8	Applus Services SA	-26.98%[4]	12.5	0.0%	
9	Core Laboratories	-69.29%	0.0	0.0%	

Therefore performance against the two TSR hurdles will result in vesting of 12.5% of the total award on 1 July 2017.

Together with the 25% vesting achieved via the relative EBITDA hurdle, a total of 37.5% of available rights will vest on 1 July 2017.

Return on Capital Employed (ROCE) – 2016 Awards Onwards

A new ROCE hurdle was introduced as a hurdle for the 2016 awards as it is a relevant measure to use when assessing the Company's success or otherwise in increasing its net worth – i.e. it needs to generate returns in excess of its cost of capital in order to add to its value. In order to provide an incentive for superior performance, the respective ROCE hurdles for the 2016 to 2019 performance period were set at 2% and 7% above the March 2016 weighted average cost of capital (WACC) of 9.2% with straight line vesting in between the lower and upper hurdles.

ROCE is calculated as Underlying Earnings before Interest and Tax ("EBIT") over the three year performance period divided by Capital Employed expressed as a percentage. Capital Employed is defined as Total Shareholders' Equity plus Net Debt and is calculated as the sum of the simple averages of the balances at the beginning and end of each year during the performance period. If material funding transactions (for example, significant additional borrowings, equity issuances or asset impairments) occur such that the simple average for any year during the performance period is not representative of capital actually employed, the average capital employed for the year may be adjusted for the effect of these transactions.

Remuneration report (continued)

8. Company Performance and Link to Shareholder Wealth – audited

Proportion of performance related and equity based remuneration

Details of each of the named Executives' performance related and equity based remuneration as a proportion of their total remuneration is detailed below.

		Proportion of all at risk remuneration (STI & LTI) as a percentage of total remuneration		Proportion of performance rights (LTI) as a percentage of total remuneration	
		Calculated on remuneration actually received *(table 5.1)* %	Per accounting standards *(table 5.2)* %	Calculated on remuneration actually received *(table 5.1)* %	Per accounting standards *(table 5.2)* %
Executives					
Greg Kilmister (a)	2017	31.1	35.5	2.4	8.7
	2016	0.0	17.6	0.0	17.6
Raj Naran	2017	1.4	10.2	1.4	10.2
	2016	15.1	20.8	0.0	6.7
Kristen Walsh	2017	4.9	17.4	1.6	14.5
	2016	0.0	10.1	0.0	10.1
Richard Stephens	2017	12.2	20.0	1.3	10.0
	2016	0.0	8.1	0.0	8.1
Brian Williams (a)	2017	23.2	26.5	1.5	5.8
	2016	0.0	11.0	0.0	11.0
Paul McPhee (b)	2017	n/a	n/a	n/a	n/a
	2016	8.6	2.2	8.6	2.2

(a) Greg Kilmister and Brian Williams will cease employment with the Group in July 2017. They are both entitled to an STI payment for the 2016-17 year determined by reference to the achievement or otherwise of their respective KPIs. In accordance with the LTI Plan Rules, as "good leavers" the rights attaching to all of their 2014 awards, two-thirds of their 2015 awards and one-third of their 2016 awards will remain available for vesting on the pre-existing vesting dates. The values of share-based awards used to calculate the proportions above have been reduced by the amounts relating to rights lapsing under these arrangements

(b) Paul McPhee ceased employment with the Group in October 2015.

Consequences of performance on shareholders' wealth

The Board considers that the previous and current remuneration strategy including adjustments to the STI Plan KPIs and the upcoming LTI Plan hurdle results in executive pay that varies with performance. The financial data in respect of the current and previous four financial years, and its relationship to executive pay, is set out below:

Measure of financial performance	Fluctuation in financial performance is reflected in executives' pay via:	2017 $m	2016 $m	2015 $m	2014 $m	2013 $m
Underlying profit * attributable to equity holders of the Company	STI gateway, STI KPIs and LTI financial measures	112.7	108.4	135.4	171.9	238.3
Profit / (loss) attributable to equity holders of the Company	STI gateway, STI KPIs and LTI financial measures	81.6	(240.7)	(174.5)	154.4	227.3
Dividends paid or payable	LTI TSR measures	68.0	60.8	84.5	152.0	164.3
Share price at balance date)	LTI TSR measures	$6.14	$3.99	$4.96	$7.33	$10.47

*Underlying profit is a non-IFRS disclosure and is unaudited.

Remuneration report (continued)

9. KMP Equity Instruments and Transactions – audited

Ordinary shares

The movement during the year in the number of ordinary shares in ALS Limited held directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

	Opening Balance	Purchases (1)	Acquired due to vesting of performance rights	Sales (1)	Other	Closing Balance
Directors						
Bruce Phillips	31,000	-	-	-	-	31,000
Mel Bridges	48,580	3,213	-	-	-	51,793
Grant Murdoch	71,596	646	-	-	-	72,242
John Mulcahy	54,027	-	-	-	-	54,027
Charlie Sartain	122,524	-	-	-	-	122,524
Tonianne Dwyer	-	12,948	-	-	-	12,948
Greg Kilmister (2)	1,450,375	13,178	11,072	(500,000)	-	974,625
Nerolie Withnall (3)	25,810		-	-	(25,810)	-
Executives						
Raj Naran	26,600	265	2,767	-	-	29,632
Kristen Walsh	2,434	35	1,966	-	-	4,435
Richard Stephens	47,310	216	1,638	-	-	49,164
Brian Williams	137,025	867	2,883	-	-	140,775

(1) Includes shares acquired via the dividend reinvestment plan. All purchases and sales complied with the Board's Securities Trading Policy which permits trading by directors and executives during certain periods in the absence of knowledge of price-sensitive information.

(2) It was announced in February 2017 that Greg Kilmister will retire from the Company in July 2017. He disposed of 500,000 shares in March 2017 for personal financial reasons, including funding activities in retirement and to fund personal tax liabilities.

(3) Nerolie Withnall retired from the Board in July 2016.

Performance rights over ordinary shares granted as remuneration

The movement during the year in the number of performance rights over ordinary shares in the Company held directly, indirectly or beneficially by each key management person, including their related parties:

	Opening Balance	Granted as compensation	Vested and exercised	Lapsed (a)	Closing Balance
Director					
Greg Kilmister (a)	**294,515**	216,783	(11,072)	(228,808)	**271,418**
Executives					
Raj Naran	**71,096**	52,448	(2,767)	(8,299)	**112,478**
Kristen Walsh	**58,033**	46,620	(1,966)	(5,896)	**96,791**
Richard Stephens	**43,554**	32,051	(1,638)	(4,913)	**69,054**
Brian Williams	**77,974**	58,275	(2,883)	(61,226)	**72,140**

(a) The number of rights lapsed represents those rights which lapsed due to performance hurdles not being met and/or upon cessation of employment. Performance hurdle testing at 31 March 2016 of rights which were due to vest in July 2016 resulted in 25% of performance rights vesting. Greg Kilmister and Brian Williams will cease employment with the Group in July 2017. In accordance with the LTI Plan Rules, as "good leavers" the rights attaching to all of their 2014 awards, two-thirds of their 2015 awards and one-third of their 2016 awards will remain available for vesting on the pre-existing vesting dates. Residual rights which have lapsed from their 2015 and 2016 awards are included above.

Remuneration report (continued)

9. KMP Equity Instruments and Transactions – audited (continued)

Performance rights over ordinary shares granted as remuneration (continued)

Details of vested and outstanding performance rights over ordinary shares in the Company that were granted as remuneration to each KMP under the LTI Plan are presented in the table below.

Director / Executives	Grant date	Number of rights granted (a)	Fair value per right at grant date (b)	Issue price used to determine no. of rights granted (b)	Vesting date	Number of rights vested & exercised (c)	Number of rights lapsed (c)	% of rights lapsed (c)
Greg Kilmister (c) (Director)	26 Jul 16	216,783	$4.30	$4.29	1 Jul 19	-	(144,522)	66%
	30 Jul 15	153,213	$4.04	$6.07	1 Jul 18	-	(51,071)	33%
	29 Jul 14	97,015	$5.40	$8.71	1 Jul 17	-	-	-
	30 Jul 13	44,287	$5.74	$9.54	1 Jul 16	(11,072)	(33,215)	75%
Raj Naran	26 Jul 16	52,448	$4.30	$4.29	1 Jul 19	-	-	-
	30 Jul 15	37,068	$4.04	$6.07	1 Jul 18	-	-	-
	29 Jul 14	22,962	$5.40	$8.71	1 Jul 17	-	-	-
	30 Jul 13	11,066	$5.74	$9.54	1 Jul 16	(2,767)	(8,299)	75%
Kristen Walsh	26 Jul 16	46,620	$4.30	$4.29	1 Jul 19	-	-	-
	30 Jul 15	32,949	$4.04	$6.07	1 Jul 18	-	-	-
	29 Jul 14	17,222	$5.40	$8.71	1 Jul 17	-	-	-
	30 Jul 13	7,862	$5.74	$9.54	1 Jul 16	(1,966)	(5,896)	75%
Richard Stephens	26 Jul 16	32,051	$4.30	$4.29	1 Jul 19	-	-	-
	30 Jul 15	22,652	$4.04	$6.07	1 Jul 18	-	-	-
	29 Jul 14	14,351	$5.40	$8.71	1 Jul 17	-	-	-
	30 Jul 13	6,551	$5.74	$9.54	1 Jul 16	(1,638)	(4,913)	75%
Brian Williams (c)	26 Jul 16	58,275	$4.30	$4.29	1 Jul 19	-	(38,850)	66%
	30 Jul 15	41,186	$4.04	$6.07	1 Jul 18	-	(13,729)	33%
	29 Jul 14	25,258	$5.40	$8.71	1 Jul 17	-	-	-
	30 Jul 13	11,530	$5.74	$9.54	1 Jul 16	(2,883)	(8,647)	75%

(a) All performance rights granted to the executives named above are equity-settled rights.

(b) With the exception of rights issued in July 2016, the issue price used to determine the number of rights offered in each year to all participants, including Mr Kilmister and other key management personnel, was the volume weighted average price of the Company's shares during the twenty trading days following the announcement of the Group's annual financial results. The calculation for the 2016 awards differed because of the approach received on 1 June 2016 from Advent/Bain to acquire the Company for $5.30 per share. The Board exercised its discretion under the LTI Plan to review the trading period used to determine the number of performance rights to be issued and adopted the 20 trading days VWAP for the period up to and including 31 May 2016 (being the day before trading was halted at $4.05 per share just before the approach was announced to the market).

The grant dates and corresponding fair values per right in the above table have been determined in accordance with Australian Accounting Standards and are dependent on the dates on which individual executives are deemed to have received their offers to participate in the Plan. Fair values have been calculated using Binomial Tree (EPS and EBITDA hurdles) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies.

(c) Performance hurdle testing at 31 March 2016 of rights which were due to vest in July 2016 resulted in 25% of performance rights vesting. Greg Kilmister and Brian Williams will cease employment with the Group in July 2017. In accordance with the LTI Plan Rules, as "good leavers" the rights attaching to all of their 2014 awards, two-thirds of their 2015 awards and one-third of their 2016 awards will remain available for vesting on the pre-existing vesting dates. Residual rights which have lapsed from their 2015 and 2016 awards are included above.

Property leases

The Group has entered into property lease agreements in the USA with a company in which Raj Naran holds a controlling interest. Lease rental expense in AUD for the year was $808,436 (2016: $826,581) and the amount outstanding at the end of the year was Nil (2016: Nil).

Remuneration report (continued)

10. Outlook for 2017-18 FY Remuneration - unaudited

Prior to the start of the 2016-17 FY, Directors sought feedback and conducted detailed analysis of all components of Remuneration Strategy, Policy, Instruments and their outcomes on KMP pay. The result was a number of changes. Given this overhaul, the 2017-18 FY requires only a few remuneration strategy and structure changes.

Within the LTI Plan there will be a decoupling of the LTI Plan from the STI Plan. Previously to earn an LTI award the participant needed to earn an STI award in two of the previous three years. This was found to be out of step with market practice and punitive in years where an executive had no control of market forces. In addition with the STI Plan being redesigned, see below, the link to LTI was seen as no longer required.

The LTI Plan hurdles, comprising EPS, Relative TSR, Relative EBITDA and ROCE, will continue for the 2017 awards with the EBITDA hurdle's "cliff vesting" structure to be replaced by a "sliding scale vesting" approach. Starting from the 2017 awards, the issue price used to determine the number of rights offered to participants will be the volume weighted average price of the Company's shares during the ten trading days following the announcement of the Group's annual financial results (previously twenty days).

There will be a new STI Plan for KMPs and other senior executives which incorporates a deferred equity component if certain "outperformance" stretch targets are achieved and a service condition is met. STI Plan cash payments will be earned for the 2017-18 financial year by those executives achieving base financial targets. Those who also attain the "outperformance" financial KPIs will have additional STI payments deferred into Service Rights (rights to ALS shares upon maturity). The period of deferral will be two years and the executive must be still employed on 1 April two years hence (2020 in the case of the 2017-18 FY) to receive the shares.

The new STI Plan will feature several KPIs:

Financial KPIs – at least 70% of the STI payment will be dependent on the financial performance of the Company, Business Stream or Business Unit results relevant to the executive's role. To ensure a fair outcome for all participants, structured growth targets aligned to the types of businesses the participant oversees will be applied:

In addition to Financial KPIs, to achieve their full STI payment executives will need to achieve:

a) A Health Safety & Environmental KPI, worth 10% of the STI payment.

b) Discretionary KPIs – no more than 20% of the STI payment will be discretionary to allocate reward against specific KPIs or projects and to allow for unforeseen circumstances.

c) A Debtors KPI, if allocated and not achieved will result in a 50% reduction in STI payment earned.

With these changes, the STI plan will continue to reward only when there is an acceptable financial result for shareholders and the KPIs will be more transparent both to participants and shareholders alike.

Total remuneration packages for Executives for the 2017-18 FY will be adjusted after considering a number of relevant factors. Total fees for Directors will remain unchanged for the 2017-18 FY.

The Directors believe that these future adjustments will continue to deliver a fair outcome for executives with a strong link to shareholder value and long term sustainable growth. Consultation with shareholder advisory groups and use of external specialist consultants will continue to be a feature of our remuneration strategy and process to ensure that fair and affordable remuneration continues into the future.

End of remuneration report

Environmental regulation

The Group is committed to complying with environmental legislation, standards, and codes of practice relevant to the particular business in the areas in which it operates. A number of hub laboratories are regulated under State and local government legislation predominately for their hazardous waste generation and disposal. Each hub laboratory holds a current licence and or consent from the relevant environment protection authority or local council where required.

Environmental management

As part of the Group's compliance program, environmental matters are reported on monthly by all divisional managers. In addition, internal sign-offs are completed by all managers on a yearly basis, reporting on performance against relevant environmental legislation and key environmental risks in their area of operations. Apart from complying with local legal requirements each site location across the world operates under the corporate health safety and environment minimum standard which sets out 17 key standards including identification and management of key environmental risks, emergency planning, reporting environmental incidents, and conducting monthly audits.

Initiatives

There were a number of environmental initiatives implemented during the year across the Group. These are explained in detail under the Sustainability section of the annual report.

Performance against environmental compliance requirements

There were no material breaches of environmental statutory requirements and no prosecutions launched against the Group during the reporting period. A minor penalty of USD 25,000 was issued to ALS Life Sciences Fort Collins, Colorado for incorrect waste classification and storage under the Colorado Hazardous Waste Regulation.

Internal and external audits and internal reporting and monitoring have indicated a high level of compliance with site licence conditions, relevant legislation and corporate minimum standards.

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments

The Group's objective during the next financial year will be to maximise earnings and investment returns across all the business units in its diversified portfolio. For comments on divisional outlooks refer to the review of results and operations in this report.

ALS Limited and its subsidiaries
Directors' report (continued)
For the year ended 31 March 2017

Directors' interests

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Securities Exchange in accordance with section 205G(1) of the Corporations Act 2001 as at the date of this report is:

	No. of Ordinary shares
Bruce Phillips	31,000
Greg Kilmister	974,625
Mel Bridges	51,793
Grant Murdoch	72,242
John Mulcahy	54,027
Charlie Sartain	122,524
Tonianne Dwyer	12,948

Refer to the Remuneration Report above for details of performance rights held by Mr Kilmister.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings (1)		Audit and Risk Committee Meetings (2)		People Committee Meetings (2)		Sustainability Committee Meetings (2)	
	A	B	A	B	A	B	A	B
Bruce Phillips (3)	17	17	-	-	4	4	-	-
Greg Kilmister*	17	16	-	-	-	-	-	-
Mel Bridges	17	17	4	3	1	1	2	2
Grant Murdoch	17	17	4	4	-	-	-	-
John Mulcahy	17	17	-	-	4	4	-	-
Charlie Sartain	17	17	4	4	-	-	2	2
Tonianne Dwyer^	9	9	-	-	3	2	2	2
Nerolie Withnall (3)	9	9	1	1	1	1	-	-

* not attended 1 Board meeting due potential conflict of interest re CEO/MD succession discussions.
^ appointed to the Board and Committees effective 1 July 2016.

A – Number of meetings held during the time the director held office during the year

B – Number of meetings attended

(1) Includes 4 Nomination Committee meetings. All Board members act as members of the Nomination Committee.

(2) All non-member directors are permitted by the Committee Charters to attend meetings on a standing invitation basis.

(3) Nerolie Withnall retired from the Board following the AGM on 26 July 2016. Bruce Phillips was appointed Chairman following the AGM.

Indemnification and insurance of directors and officers

Indemnification

Under its Constitution, and by resolution of the Board, the Company has agreed to indemnify to the extent permitted by law and the Corporations Act 2001:

- every person and employee who is or has been an officer of the Company or of a Group entity where requested to do so, including a director or secretary, against any liability (other than for legal costs) incurred by that person or employee as an officer of the Company or of a Group entity (including liabilities incurred by that person or employee as an officer of the Company or of a Group entity where the Company requested that person or employee to accept that appointment).
- every person and employee who is or has been an officer of the Company or of a Group entity where requested to do so, including a director or secretary, against reasonable legal costs incurred in defending an action for a liability incurred by that person or employee as an officer of the Company or of a Group entity (including such legal costs incurred by that person or employee as an officer of the Company or of a Group entity where the Company requested that person or employee to accept that appointment).

Insurance premiums

During the financial year, the Company paid insurance premiums in respect of directors' and officers' liability and personal accident insurance contracts, for current and former directors and senior executives, including senior executives of its controlled entities. The current directors are listed elsewhere in this report. The insurance relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

It is a condition of the policies that premiums paid and terms and conditions of the policies are not to be disclosed.

Non-audit services

During the year KPMG, the Company's auditor, has performed certain other services in addition to statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out in note 7d.

In thousands of AUD	**2017**
Services other than audit and review of financial statements:	
Other assurance and investigation services	273
Taxation services	508
	781

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 101 and forms part of the directors' report for the financial year ended 31 March 2017.

Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the financial report and directors' report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:

Bruce Phillips
Chairman

Brisbane
23 May 2017

Greg Kilmister
Managing Director

Brisbane
23 May 2017

ALS Limited and its subsidiaries
Financial statements
For the year ended 31 March 2017

Contents

Signed reports

ALS Limited and its subsidiaries

Consolidated statement of profit and loss and Other Comprehensive Income

For the year ended 31 March 2017

In millions of AUD	Note	2017	Restated * 2016
Continuing operations			
Revenue	*1c*	1,272.3	1,239.0
Expenses	*1d*	(1,038.8)	(1,313.5)
Share of profit of equity-accounted investees, net of tax		2.1	2.7
Profit before financing costs, depreciation and amortisation (EBITDA)		235.6	(71.8)
Amortisation and depreciation		(68.5)	(84.3)
Profit before net financing costs (EBIT)		167.1	(156.1)
Finance income		3.6	3.6
Finance cost		(30.9)	(38.1)
Net financing costs		(27.3)	(34.5)
Profit before tax		139.8	(190.6)
Income tax expense	*6a*	(41.1)	(38.2)
Profit from continuing operations		98.7	(228.8)
Discontinued operations			
Loss of discontinued operations, net of tax	*1e*	(15.9)	(10.9)
Profit/(Loss) for the year		82.8	(239.7)
Profit/(Loss) attributable to:			
Equity holders of the company		81.6	(240.7)
Non-controlling interest		1.2	1.0
Profit/(Loss) for the year	*3b*	82.8	(239.7)
Other comprehensive income			
Items that are or may be reclassified subsequently to the profit and loss (net of tax)			
Foreign exchange translation		(29.0)	(53.5)
Gain/(Loss) on hedge of net investments in foreign subsidiaries, net of tax		0.9	(2.2)
Gain on cash flow hedges taken to equity, net of tax		0.1	0.3
Other comprehensive income for the year, net of tax		(28.0)	(55.4)
Total comprehensive income for the year		54.8	(295.1)
Total comprehensive income attributable to:			
Equity holders of the company		53.6	(296.1)
Non-controlling interest		1.2	1.0
Total comprehensive income for the year		54.8	(295.1)
Basic earnings per share attributable to equity holders	*1b*	16.18c	(52.51)c
Diluted earnings per share attributable to equity holders	*1b*	16.13c	(52.51)c
Basic earnings per share attributable to equity holders from continuing operations	*1b*	19.57c	(49.91)c
Diluted earnings per share attributable to equity holders from continuing operations	*1b*	19.51c	(49.91)c

* *See discontinued operations note 1e*

The notes on pages 45 to 93 are an integral part of these consolidated financial statements.

ALS Limited and its subsidiaries

Consolidated balance sheet

As at 31 March 2017

In millions of AUD	Note	2017	2016
Current assets			
Cash and cash equivalents	*3a*	249.3	297.9
Trade and other receivables	*2a*	250.2	271.7
Inventories	*2b*	67.2	79.0
Other assets		33.6	42.9
Assets held for sale	*1e*	109.7	-
Total current assets		**710.0**	**691.5**
Non-current assets			
Investment property	*2e*	10.4	10.5
Deferred tax assets	*6b*	20.5	23.8
Property, plant and equipment	*2d*	395.5	457.3
Intangible assets	*2f*	981.8	923.7
Other assets		31.4	38.1
Total non-current assets		**1,439.6**	**1,453.4**
Total assets		**2,149.6**	**2,144.9**
Current liabilities			
Bank overdraft	*3a*	0.4	-
Trade and other payables	*2c*	140.1	150.9
Loans and borrowings	*3c*	40.2	1.0
Employee benefits		41.0	39.8
Liabilities held for sale	*1e*	14.9	-
Total current liabilities		**236.6**	**191.7**
Non-current liabilities			
Loans and borrowings	*3c*	700.9	748.5
Deferred tax liabilities	*6b*	9.0	8.7
Employee benefits		8.0	7.7
Other		9.9	2.7
Total non-current liabilities		**727.8**	**767.6**
Total liabilities		**964.4**	**959.3**
Net assets		**1,185.2**	**1,185.6**
Equity			
Share capital	*4b*	1,453.4	1,452.7
Reserves		(77.6)	(51.4)
Retained earnings		(200.2)	(224.3)
Total equity attributable to equity holders of the company		**1,175.6**	**1,177.0**
Non-controlling interest		9.6	8.6
Total equity		**1,185.2**	**1,185.6**

The notes on pages 45 to 93 are an integral part of these consolidated financial statements.

ALS Limited and its subsidiaries

Consolidated statement of changes in equity

For the year ended 31 March 2017

In millions of AUD	Note	Share Capital	Foreign Currency Translation	Other reserves	Employee share-based awards	Retained earnings	Total	Non-controlling Interest	Total Equity
Balance 1 April 2015		**1,134.1**	**(1.7)**	**(22.7)**	**1.3**	**104.5**	**1,215.5**	**12.9**	**1,228.4**
(Loss)/profit for the year		-	-	-	-	(240.7)	(240.7)	1.0	(239.7)
Other comprehensive income		-	(55.7)	0.3	-	-	(55.4)	-	(55.4)
Total comprehensive income for the period		-	(55.7)	0.3	-	(240.7)	(296.1)	1.0	(295.1)
Transactions with owners in their capacity as owners:									
Dividends provided for or paid	*4b*	-	-	-	-	(71.3)	(71.3)	(0.7)	(72.0)
Issue of ordinary shares	*4b*	318.4	-	-	-	-	318.4	-	318.4
Fair value movement in reserve		-	-	5.1	-	-	5.1	-	5.1
Exercise of Put and Call option over NCI		-	-	20.9	-	(20.9)	-	-	-
Equity-settled performance rights awarded and vested	*4b, 8a*	0.2	-	-	1.1	0.1	1.4	-	1.4
Total contributions and distributions to owners		318.6	-	26.0	1.1	(92.1)	253.6	(0.7)	252.9
Changes in ownership interests									
Acquisition of non-controlling interest without change in control		-	-	-	-	4.0	4.0	(4.8)	(0.8)
Non-controlling interest ownership of subsidiary acquired		-	-	-	-	-	-	0.2	0.2
Total changes in ownership interests		-	-	-	-	4.0	4.0	(4.6)	(0.6)
Total transactions with owners		318.6	-	26.0	1.1	(88.1)	257.6	(5.3)	252.3
Balance at 31 March 2016		**1,452.7**	**(57.4)**	**3.6**	**2.4**	**(224.3)**	**1,177.0**	**8.6**	**1,185.6**
Profit or (loss) for the year		-	-	-	-	81.6	81.6	1.2	82.8
Other comprehensive income		-	(28.0)	0.1	-	-	(27.9)	-	(27.9)
Total comprehensive income for the period		-	(28.0)	0.1	-	81.6	53.7	1.2	54.9
Transactions with owners in their capacity as owners:									
Dividends to equity holders	*4b*	-	-	-	-	(58.0)	(58.0)	(0.3)	(58.3)
Issue of ordinary shares		-	-	-	-	-	-	-	-
Equity-settled performance rights awarded and vested	*4b, 8a*	0.7	-	-	1.7	0.3	2.7	-	2.7
Total contributions and distributions to owners		0.7	-	-	1.7	(57.7)	(55.3)	(0.3)	(55.6)
Changes in ownership interests									
Acquisition of non-controlling interest without change in control		-	-	-	-	0.1	0.1	0.1	0.2
Non-controlling interest ownership of subsidiary acquired		-	-	-	-	-	-	-	-
Total changes in ownership interests		-	-	-	-	0.1	0.1	0.1	0.2
Total transactions with owners		0.7	-	-	1.7	(57.6)	(55.2)	(0.2)	(55.4)
Balance at 31 March 2017		**1,453.4**	**(85.4)**	**3.7**	**4.1**	**(200.2)**	**1,175.6**	**9.6**	**1,185.2**

The notes on pages 45 to 93 are an integral part of these consolidated financial statements.

ALS Limited and its subsidiaries

Consolidated statement of cash flows

For the year ended 31 March 2017

In millions of AUD	Note	2017	2016
Cash flows from operating activities			
Cash receipts from customers		1,520.3	1,536.2
Cash paid to suppliers and employees		(1,276.7)	(1,293.1)
Cash generated from operations		243.6	243.1
Interest paid		(30.9)	(38.1)
Interest received		3.6	3.6
Income taxes paid		(41.0)	(39.0)
Net cash from operating activities	*3b*	175.3	169.6
Cash flows from investing activities			
Payments for property, plant and equipment		(58.7)	(73.7)
Repayments/(loans) joint venture entity		-	0.5
Payments for net assets on acquisition of businesses and subsidiaries (net of cash acquired)		(30.4)	(17.6)
Acquisition of minority interest equity		(20.9)	-
Acquisition of associate entity equity		-	(5.2)
Dividend from associate		2.1	2.9
Proceeds from sale of other non-current assets		3.5	5.1
Net cash (used in) investing activities		(104.4)	(88.0)
Cash flows from financing activities			
Proceeds from borrowings		-	32.0
Repayment of borrowings		(55.1)	(215.2)
Proceeds from issue of new issued capital		-	317.0
Lease payments		(0.6)	(2.4)
Dividends paid		(58.0)	(72.0)
Net cash (used in)/from financing activities		(113.7)	59.4
Net movement in cash and cash equivalents		(42.8)	141.0
Cash and cash equivalents at 1 April		297.9	163.0
Effect of exchange rate fluctuations on cash held		(6.2)	(6.1)
Cash and cash equivalents at 31 March	*3a*	248.9	297.9

The above cashflows include those of discontinued operations

The notes on pages 45 to 93 are an integral part of these consolidated financial statements.

About this report

ALS Limited (the "Company") is a for-profit company domiciled in Australia. The consolidated financial report of the Company for the year ended 31 March 2017 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

Throughout this document, non-International Financial Reporting Standards (IFRS) financial indicators are included to assist with understanding the Group's performance. The primary non-IFRS information is Underlying earnings before income tax, depreciation and amortisation (EBITDA), Underlying earnings before interest and tax (EBIT) and Underlying net profit after tax (NPAT).

Management believes Underlying EBITDA, Underlying EBIT and Underlying NPAT are appropriate indicators of the ongoing operational earnings of the business and its segments because these measures do not include significant one-off items (both positive and negative) that relate to disposed or discontinued operations, pre-acquisition legal settlement costs and cost incurred to restructure the business in the current period. A reconciliation of non-IFRS to IFRS information is included in the Directors' Report on page 5.

1. *FINANCIAL OVERVIEW*

This section provides information that is most relevant to explaining the group's performance during the year, and where relevant includes the accounting policies that have been applied and significant estimates and judgements made.

1a) Operating segments

Following a change in management reporting structure, effective 1 April 2016 the Group's Coal operations were transferred from the former Energy segment and combined with the former Minerals segment to form a new Commodities segment as summarised:

Former segments	Revised segments
Life Sciences	Life Sciences (unchanged)
Industrial	Industrial (unchanged)
Minerals	Commodities (comprising Minerals and Coal)
Energy (comprising Coal and Oil & Gas)	Oil & Gas

The Group has 4 reportable segments, as described below, representing 4 distinct strategic business units each of which is managed separately and offers different products and services. For each of the strategic business units, the CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Life Sciences - provides analytical testing data to assist consulting and engineering firms, industry, and governments around the world in making informed decisions about environmental, food and pharmaceutical, electronics, and animal health testing matters.
- Industrial – provides the energy, resources and infrastructure sectors with asset care and tribology testing services.
- Commodities (Minerals & Coal) - provides assaying and analytical testing services and metallurgical services for mining and mineral exploration companies and provides specialist services to the coal industry such as coal sampling, analysis and certification, formation evaluation services, and related analytical testing.
- Oil & Gas - provides specialist services to the oil and gas industries such as analysis and certification, hydrocarbon formation evaluation services, specialist well services and related analytical testing.

ALS Limited and its subsidiaries
Notes to the financial statements
For the year ended 31 March 2017

1a) Operating Segments (continued)

2017

In millions of AUD	Life Sciences	Industrial	Commodities	Oil & Gas Labs	Other (1)	Total Continuing Operations	Discontinued operations (other Oil & Gas)	Consolidated
Revenue	641.6	192.7	427.2	10.8	-	1,272.3	93.3	1,365.6
Underlying EBITDA (2)	134.3	32.7	109.8	(4.5)	(19.2)	253.1	(2.7)	250.4
Depreciation and amortisation	(34.5)	(6.2)	(23.7)	(1.8)	(0.8)	(67.0)	(11.8)	(78.8)
Underlying EBIT (2)	99.8	26.5	86.1	(6.3)	(20.0)	186.1	(14.5)	171.6
Restructuring & other one-off items	(5.9)	(1.1)	(1.4)	(0.1)	(3.5)	(12.0)	(1.6)	(13.6)
Intra-group FX loss (3)					(5.5)	(5.5)		(5.5)
Amortisation of intangibles					(1.5)	(1.5)		(1.5)
Net financing costs					(27.3)	(27.3)		(27.3)
Statutory profit before income tax	93.9	25.4	84.7	(6.4)	(57.8)	139.8	(16.1)	123.7
Underlying EBIT margin (2)	*15.6%*	*13.8%*	*20.2%*	*(58.3%)*			*(15.5%)*	
Segment assets	752.1	241.4	723.6	22.2	29.1	1,768.4	101.4	1,869.8
Cash and cash equivalents								249.3
Tax Assets								30.5
Total assets per the balance sheet								2,149.6
Segment liabilities	(85.2)	(26.5)	(62.7)	(0.9)	(22.7)	(198.0)	(16.2)	(214.2)
Loans and borrowings								(742.7)
Deferred tax liabilities								(7.5)
Total liabilities per the balance sheet								(964.4)

1 Represents unallocated corporate costs. Net expenses of $20.0 million in 2017 comprise net foreign exchange gains of $1.2 million and other corporate costs of $21.2 million.

2 Underlying EBITDA = Underlying EBIT plus depreciation and amortisation. Underlying EBIT = Underlying Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. They have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e. non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are unaudited.

3 Foreign exchange loss of $5.5 million realised on restructuring of intra-group loan balances.

ALS Limited and its subsidiaries

Notes to the financial statements

For the year ended 31 March 2017

1a) Operating Segments (continued)

2016 (restated)

In millions of AUD	Life Sciences	Industrial	Commodities	Oil & Gas Labs	Other (1)	Total Continuing Operations	Discontinued operations (other Oil & Gas)	Consolidated
Revenue	633.5	185.6	401.8	18.1	-	1,239.0	125.9	1,364.9
Underlying EBITDA (2)	145.1	30.9	93.2	(4.0)	(7.2)	258.0	6.3	264.3
Depreciation and amortisation	(35.1)	(5.8)	(26.0)	(1.4)	(0.8)	(69.1)	(17.3)	(86.4)
Underlying EBIT (2)	110.0	25.1	67.2	(5.4)	(8.0)	188.9	(11.0)	177.9
Impairment	-	-	-	-	(317.9)	(317.9)	-	(317.9)
Restructuring & other one-off Items	(0.7)	(0.5)	(6.8)	(0.2)	(6.5)	(14.7)	(2.0)	(16.7)
Intra-group FX gain (3)					2.8	2.8		2.8
Amortisation of intangibles					(15.2)	(15.2)		(15.2)
Net financing costs					(34.5)	(34.5)		(34.5)
Statutory profit before income tax	109.3	24.6	60.4	(5.6)	(379.3)	(190.6)	(13.0)	(203.6)
Underlying EBIT margin (2)	*17.4%*	*13.5%*	*16.7%*	*(29.8%)*			*(8.7%)*	
Segment assets	683.4	227.6	741.7	23.3	35.1	1,711.1	104.3	1,815.4
Cash and cash equivalents								297.9
Tax Assets								31.6
Total assets per the balance sheet								2,144.9
Segment liabilities	(86.4)	(25.6)	(63.7)	(1.7)	(15.3)	(192.7)	(8.4)	(201.1)
Loans and borrowings								(749.5)
Deferred tax liabilities								(8.7)
Total liabilities per the balance sheet								(959.3)

1 Represents unallocated corporate costs. Net expenses of $8.0 million in 2016 comprise net foreign exchange gains of $4.2 million and other corporate costs of $12.2 million.

2 Underlying EBITDA = Underlying EBIT plus depreciation and amortisation. Underlying EBIT = Underlying Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. They have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e. non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are unaudited.

3 Foreign exchange gain of $2.8 million realised on restructuring of intra-group loan balances.

1a) Operating Segments (continued)

Geographical segments

In presenting information on a geographical basis segment revenue from external customers is by geographical location of customers. Segment assets are attributed based on geographic location of the business unit.

In millions of AUD	Consolidated			
	2017		2016	
	Revenues	Non-current assets	Revenues	Non-current assets
Australia	443.5	570.7	438.4	588.1
Canada	177.8	174.4	168.5	184.3
USA	216.4	271.4	228.4	267.9
Other countries	527.9	462.3	529.6	413.1
Total	1,365.6	1,478.9	1,364.9	1,453.4

Accounting policy – Operating segments

The Group determines and presents operating segments based on information that is reported internally to the Chief Executive Officer (CEO), who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributed to the segment as well as those that can be allocated on a reasonable basis. Operating segment profit is calculated as earnings before interest, foreign currency gains and losses, and income tax.

Items not allocated to segments comprise corporate costs, foreign currency gains or losses, amortisation of intangibles and net financing costs before income tax. Inter-segment pricing is determined on an arm's length basis.

1b) Earnings per share

Cents per share	Consolidated	
	2017	Restated 2016
Basic earnings per share	16.18c	(52.51)c
Diluted earnings per share	16.13c	(52.51)c
Basic earnings per share from continuing operations	19.57c	(49.91)c
Diluted earnings per share from continuing operations	19.51c	(49.91)c
Basic earnings per share from discontinued operations	(3.15)c	(2.38)c
Diluted earnings per share from discontinued operations	(3.15)c	(2.38)c

1b) Earnings per share - continued

Basic and diluted earnings per share

The calculations of both basic and diluted earnings per share were based on the profit/(loss) attributable to equity holders of the Company of $81.6m profit (2016: $240.7m loss).

Basic and diluted earnings per share from continuing operations

The calculations of both basic and diluted earnings per share from continuing operations were based on the profit/(loss) attributable to equity holders of the Company from continuing operations of $98.7m profit (2016: $228.8m loss).

Basic and diluted earnings per share from discontinued operations

The calculations of both basic and diluted earnings per share from discontinued operations were based on the loss attributable to equity holders of the Company from discontinued operations of $15.9m (2016: $10.9m).

Weighted average number of ordinary shares (Basic and diluted)

In millions of shares	Note	**Consolidated**	
		2017	**2016**
Issued ordinary shares at 1 April	*4b*	504.2	407.2
Effect of shares issued Dec 2015 (Institutional rights issue)		-	28.0
Effect of shares issued Dec 2015 (Retail rights issue)		-	23.2
Weighted average number of ordinary shares at 31 March (Basic)		504.2	458.4
Effect of potential shares relating to performance rights granted to employees as compensation, but not yet vested		1.7	1.0
Weighted average number of ordinary shares at 31 March (Diluted)		505.9	459.4

Accounting policy – Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise performance rights granted to employees.

1c) Revenue and other income

In millions of AUD	Note	**Consolidated**	
		2017	**2016**
Revenue from rendering of services		1,272.3	1,239.0
Revenue from sale of goods		-	-
Total revenue		1,272.3	1,239.0

1c) Revenue and other income - continued

Accounting policy – Revenue and other income

Services rendered and goods sold

Revenue from services rendered is recognised in the profit and loss statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. Revenue from the sale of goods is recognised in the profit and loss statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

Transfers of risk and rewards vary depending on the individual terms of the contract of sale. For the majority of the Group's sale of goods, transfer usually occurs when the product is delivered.

Dividend Income

Dividend income is recognised in profit and loss on the date that the Group's right to receive payment is established.

1d) Expenses

Profit before income tax include the following specific expenses

In millions of AUD	Note	Consolidated 2017	2016
Employee expenses		617.5	609.7
Raw materials and consumables		128.0	121.3
Occupancy costs		96.9	99.1
External service costs		36.3	37.6
Equity-settled share-based payment transactions	*8a*	2.0	1.4
Contributions to defined contribution post-employment plans – included in employee expenses above		26.1	26.8
Impairment charges – Oil & Gas CGU		-	317.9
Loss/(gain) on sale of property plant and equipment		(0.2)	0.9
Net (gain) on foreign exchange		(1.2)	(4.2)
Net foreign exchange loss/(gain) realised on restructuring of intra-group loans		5.5	(2.8)

Accounting policy – Expenses

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance income and finance expense

Finance income comprises interest income on funds invested and is recognised in the profit and loss statement as it accrues, using the effective interest method.

Finance expense comprise interest expense on borrowings calculated using the effective interest method and gains and losses on hedging instruments that are recognised in the profit and loss statement (see note 4a). The interest expense component of finance lease payments is recognised in the profit and loss statement using the effective interest method.

Foreign currency gains and losses

Foreign currency gains and losses are reported on a net basis

1d) Expenses – continued

Accounting policy – Expenses – continued

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the profit and loss statement as incurred.

Short-term service benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term service benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in the profit or loss in the period in which they arise.

Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of cash-settled share-based awards is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured to fair value at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employee expenses in profit or loss.

1e) Discontinued operations

In November 2016 the Group announced its intention to divest itself of the majority of its assets in the Oil & Gas technical services sector, retaining only the laboratory services component.

Information attributable to discontinued operations is as follows:

In millions of AUD	Consolidated	
	2017	**2016**
Discontinued operations		
Revenue	93.3	125.9
Amortisation and depreciation	(11.8)	(17.3)
Other Expenses	(97.6)	(121.6)
Results from operating activities	(16.1)	(13.0)
Income tax benefit	0.2	2.1
Loss of discontinued operations net of tax	(15.9)	(10.9)
Diluted earnings per share from discontinued operations	(3.15)c	(2.38)c

ALS Limited and its subsidiaries
Notes to the financial statements
For the year ended 31 March 2017

1e) Discontinued operations (continued)

In millions of AUD	Consolidated	
	2017	**2016**
Cash flows from discontinued operations		
Net cash from operating activities	(3.8)	(6.7)
Net cash from investing activities	(4.8)	(11.9)
Net cash from financing activities	-	-
Net cash from discontinued operations	(8.6)	(18.6)
Assets held for sale		
Trade and other receivables	36.4	
Inventories	19.3	
Property, plant and equipment	40.7	
Intangible assets	1.3	
Deferred tax assets	4.2	
Other assets	7.8	
	109.7	
Liabilities held for sale		
Trade and other liabilities	14.2	
Loans and borrowings	0.4	
Employee benefits	0.3	
	14.9	

Accounting policy – Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has ceased or been disposed of or is held for sale. When an operation is classified as a discontinued operation, the comparative profit and loss statement and other comprehensive income statement is restated as if the operation had been discontinued from the start of the comparative period.

Accounting policy – Held for Sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

2. CAPITAL EMPLOYED: WORKING CAPITAL AND OTHER INSTRUMENTS

This section provides information about the working capital of the Group and key balance sheet items. Where relevant the accounting policies that have been applied and significant estimates and judgements made is included with each note.

2a) Trade and other receivables

In millions of AUD	Consolidated	
	2017	**2016**
Current		
Trade receivables	228.6	242.2
Other receivables	21.6	29.5
	250.2	271.7

Aging of trade receivables

In millions of AUD	2017	2016
Current	139.6	127.3
30 days	44.5	47.6
60 days	16.5	19.1
90 days and over	34.2	57.3
Total	234.8	251.3
Allowance for impairment of trade receivables		
Opening balance	9.1	7.7
Write off	(8.1)	(6.8)
Movement in provision	5.2	8.2
Closing balance	6.2	9.1

Based on historical rates of default, the Group believes that no impairment allowance is necessary in respect of trade receivables not overdue or past due not more than two months. The allowance for impairment of trade receivables is in respect of trade receivables past due for more than two months.

Exposures to currency risks related to trade and other receivables are disclosed in note 4c.

Accounting policy – Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

Calculation of recoverable amounts

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables are individually assessed for impairment.

2b) Inventories

In millions of AUD	Consolidated	
	2017	2016
Raw materials and consumables	34.6	37.4
Work in progress	32.4	28.0
Finished goods	0.2	13.6
	67.2	79.0

Accounting policy

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Costs for sample testing commenced but not yet completed in the analytical laboratories and incomplete field services works are recognised as work in progress and measured at the lower of cost to date and net realisable value.

2c) Trade and other payables

In millions of AUD	Consolidated	
	2017	2016
Trade payables	48.7	44.5
Other payables and accrued expenses	91.4	106.4
	140.1	150.9

Accounting policy

Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 60-day terms.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits that can be estimated reliably will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

2d) Property, plant & equipment

In millions of AUD	Freehold land and buildings	Plant and equipment	Leasehold improvements	Leased plant and equipment	Capital works in progress	Total
Opening balance at 1 April 2015						
At cost	197.4	783.3	134.9	12.8	21.4	1,149.8
Accumulated depreciation	(29.7)	(547.5)	(75.3)	(5.4)	-	(657.9)
Net book amount at 1 April 2015	167.7	235.8	59.6	7.4	21.4	491.9
Additions	4.5	60.6	11.9	-	2.9	79.9
Disposals	-	(4.5)	(1.2)	(0.1)	(5.7)	(11.5)
Depreciation expense	(6.1)	(67.8)	(10.2)	(0.3)	-	(84.4)
Impairment	-	(11.1)	-	-	-	(11.1)
Exchange differences	(3.1)	(2.9)	(1.2)	-	(0.3)	(7.5)
Net book amount at 31 March 2016	163.0	210.1	58.9	7.0	18.3	457.3
Opening balance at 1 April 2016						
At cost	199.0	782.5	138.9	12.5	18.3	1151.2
Accumulated depreciation	(36.0)	(572.4)	(80.0)	(5.5)	-	(693.9)
Net book amount at 1 April 2016	163.0	210.1	58.9	7.0	18.3	457.3
Additions	5.9	54.8	4.7	0.2	0.8	66.4
Disposals	-	(5.9)	(0.4)	-	-	(6.3)
Transfers	0.6	7.7	-	(4.7)	(3.6)	-
Depreciation expense	(5.9)	(59.6)	(9.3)	(0.3)	-	(75.1)
Assets held for sale	(2.7)	(36.0)	(0.7)	-	(1.3)	(40.7)
Exchange differences	(1.7)	(3.4)	(1.2)	-	0.2	(6.1)
Net book amount at 31 March 2017	159.2	167.7	52.0	2.2	14.4	395.5
At 31 March 2017						
At cost	202.8	692.3	130.6	5.9	14.4	1,046.0
Accumulated depreciation	(43.6)	(524.6)	(78.6)	(3.7)	-	(650.5)
Net book amount at 31 March2017	159.2	167.7	52.0	2.2	14.4	395.5

2d) Property, plant & equipment (continued)

Accounting policy – Property, plant & equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "Other expenses" in the profit and loss statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Borrowing costs

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs are recognised in the profit and loss using the effective interest method.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is held at cost and reclassified as investment property.

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the profit and loss statement as an expense as incurred.

2d) Property, plant & equipment (continued)

Accounting policy – Property, plant & equipment (continued)

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the profit and loss statement on a straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

- *Buildings* — *20-40 Years*
- *Plant and equipment* — *3-10 Years*
- *Leasehold improvements* — *3-20 Years*
- *Leased plant and equipment* — *4-5 Years*

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually and adjusted if appropriate.

2e) Investment property

In millions of AUD	Consolidated	
	2017	**2016**
Carrying amount at the beginning of the year	10.5	10.7
Depreciation	(0.1)	(0.2)
Carrying amount at end of year	10.4	10.5

Investment property comprises a commercial property leased to a third party. The current lease expires in September 2017 and the Lessee has exercised their option to renew the lease for a further five years from that date. See note 4f (Operating leases) for further information.

Fair value of the property is estimated to be $19.0m (2016: $15.4m) based on a capitalisation rate of 8.75%.

Accounting policy – Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost and is depreciated on a straight-line basis over the estimated useful life.

2f) Intangible assets

In millions of AUD	Consolidated					
	Goodwill	Purchased trademarks and brandnames	Customer Relationships	Technology	Software	Total
Balance at 1 April 2015	**1,186.3**	**8.4**	**45.5**	**2.0**	**8.2**	**1,250.4**
Additions through business combinations	13.0	-	0.6	-	0.7	14.3
Impairment[1]	(265.3)	(5.9)	(34.2)	(1.4)	-	(306.8)
Additions	-	-	-	-	2.7	2.7
Transfer	(5.1)	-	5.1	-	0.5	0.5
Disposal	-	-	-	-	(0.2)	(0.2)
Amortisation	-	(2.5)	(12.1)	(0.6)	(2.0)	(17.2)
Effect of movements in foreign exchange	(20.2)	-	0.2	-	-	(20.0)
Balance at 31 March 2016	**908.7**	**-**	**5.1**	**-**	**9.9**	**923.7**
Additions through business combinations	77.2	-	1.5	-	-	78.7
Impairment	-	-	-	-		-
Additions	-	-	-	-	2.3	2.3
Disposal	-	-	-	-	(1.2)	(1.2)
Held for sale	-	-	-	-	(1.3)	(1.3)
Amortisation	-	-	(1.5)	-	(2.0)	(3.5)
Effect of movements in foreign exchange	(16.9)	-	-	-	-	(16.9)
Balance at 31 March 2017	**969.0**	**-**	**5.1**	**-**	**7.7**	**981.8**

Impairment tests for cash generating units containing goodwill

Calculation of recoverable amounts

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

[1] *The goodwill impairment loss recognised in 2016 related to the former ALS Energy reportable segment and has been included in impairment losses in the profit and loss statement. During the year ended 31 March 2016 the ALS Oil & Gas cash generating unit achieved earnings results well below management's expectations stemming from a sharp deterioration in market conditions in the oilfield services sector related to falling world oil prices. There was much uncertainty as to the timing and strength of any recovery in the sector which caused management to reassess earnings forecasts used in estimating the recoverable amount of goodwill attaching to this cash generating unit in the 2016 financial year.*

2f) Intangible assets (continued)

The following cash generating units have significant carrying amounts of goodwill:

In millions of AUD	Consolidated	
	2017	**2016**
ALS Minerals	347.7	356.3
ALS Life Sciences – Australia	48.4	48.4
ALS Life Sciences – North America	109.9	110.6
ALS Life Sciences – South America	46.7	34.8
ALS Life Sciences – Europe	97.2	69.6
ALS Food Pharma – Europe	57.4	34.9
ALS Life Sciences – Asia	18.3	19.6
ALS Coal	77.6	77.3
ALS Industrial	165.4	156.8
Other cash generating units	0.4	0.4
	969.0	908.7

The value in use calculations performed for all cash generating units use cash flow projections based on actual operating results, the Board approved budget for FY2018, and forecasts drawn from FY2019 through to FY2022 which are based on management's estimates of underlying economic conditions, past financial results, and other factors anticipated to impact the cash generating units' performance. A discounted terminal cash flow value is calculated post FY2022 using a nominal growth rate of 2.75%. Growth rates are consistent with the prior year. Directors believe these terminal growth rates are an appropriate estimate of the long-term average growth rates achievable in the industries in which the Group participates.

The following nominal pre-tax discount rates have been used in discounting the projected cash flows.

Division	**Pre-tax (nominal) discount rate**	
	2017	**2016**
ALS Minerals	12.8%	12.8%
ALS Life Sciences – Australia	12.3%	12.3%
ALS Life Sciences – North America	9.3%	7.8%
ALS Life Sciences – South America	18.1%	17.7%
ALS Life Sciences – Europe	9.8%	8.4%
ALS Food Pharma – Europe	10.7%	11.6%
ALS Life Sciences – Asia	14.4%	14.4%
ALS Coal	12.2%	11.5%
ALS Oil & Gas	-	12.0%
ALS Industrial	13.2%	13.2%

The determination of the recoverable amounts of the Group's cash generating units involves significant estimates and judgements and the results are subject to the risk of adverse and sustained changes in the key markets and/or geographies in which the Group operates. With the exception of the ALS Coal CGU, sensitivity analyses performed indicate a reasonably possible change in any of the key assumptions for the Group's CGU's would not result in impairment.

2f) Intangible assets (continued)

ALS Coal CGU

The estimated recoverable amount of the ALS Coal CGU exceeded its carrying value by approximately $6.3 million. The Company has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount of the CGU. For the estimated recoverable amount to be equal to the carrying amount, the following assumptions would need to change by the amount specified (whilst holding all other assumptions constant):

(a) the pre-tax discount rate would need to increase by 0.5 per cent to 12.7 per cent; or

(b) the compound average growth rate across the five year forecast period would need to decrease by 1.3 percentage points to 16.6 per cent.

Accounting policy – Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary or business is included in intangible assets.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the profit and loss statement as an expense as incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Amortisation is calculated on the cost of an asset less its residual value. Amortisation is charged to the profit and loss statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives in the current and comparative periods are as follows:

- *Capitalised computer software* 3-10 Years
- *Trademarks and Brandnames* 3-5 Years
- *Customer Relationships* 5-6 Years
- *Technology* 4 Years

The residual value, the useful life and the amortisation method applied to an asset are reassessed at least annually and adjusted if appropriate.

3. NET DEBT

This section provides information about the overall debt of the company. Where relevant the accounting policies that have been applied and significant estimates and judgements made is included with each note.

3a) Cash and cash equivalents

In millions of AUD	Consolidated	
	2017	**2016**
Bank balances	199.3	277.9
Bank fixed rate deposits	50.0	20.0
Cash and cash equivalents in the balance sheet	249.3	297.9
Bank overdrafts repayable on demand	(0.4)	-
Cash and cash equivalents in the statement of cash flows	248.9	297.9

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 4.

Accounting policy – Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3b) Reconciliation of operating profit to net cash

In millions of AUD	Consolidated	
	2017	**2016**
Profit/(loss) for the period	82.8	(239.7)
Adjustments for:		
Amortisation and depreciation	80.3	101.6
Finance charges on capitalised leases	-	0.2
(Profit)/loss on sale of property plant and equipment	(0.2)	6.8
Share-settled performance rights amounts recognised during the year	1.0	0.3
Share of associates and joint venture net profit	(2.1)	(2.7)
Impairment charges	-	317.9
Net non-cash expenses	8.9	7.6
Operating cashflow before changes in working capital and provisions	170.7	192.0
(Increase)/decrease in trade and other receivables	(8.4)	26.4
(Increase)/decrease in inventories	(7.0)	(3.7)
(Decrease)/increase in trade and other payables	20.0	(41.8)
(Decrease)/increase in taxation provisions	-	(3.3)
Net cash from operating activities	175.3	169.6

Notes to the financial statements

3c) Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 4a.

In millions of AUD	Consolidated	
	2017	2016
Current Liabilities		
Long term notes	39.7	-
Finance lease liabilities	0.5	1.0
	40.2	1.0
Non-current liabilities		
Bank loans	-	-
Long term notes	700.9	747.7
Finance lease liabilities	-	0.8
	700.9	748.5

Bank loans

Current bank loans comprise the portion of the Group's bank loans repayable within one year. Funding available to the Group from undrawn facilities at 31 March 2017 amounted to $104.7m (2016: $104.5m).

The weighted average interest rate (incorporating the effect of interest rate contracts) for all bank loans at balance date is nil (2016: nil).

The Company and six of its subsidiaries, namely Australian Laboratory Services Pty Ltd, ALS Canada Limited, ALS Group General Partnership, ALS Technichem (Singapore) Pte Ltd, ALS Inspection UK Ltd, and ALS Testing Services Group, Inc are parties to multi-currency term loan facility agreements as borrowers with a number of banks.

Under the terms of the agreements, the Company and a number of its wholly-owned subsidiaries jointly and severally guarantee and indemnify the banks in relation to each borrower's obligations.

Long term notes

In previous periods the Company's controlled entities ALS Group General Partnership and ALS Canada Ltd have issued long term, fixed rate notes to investors in the US Private Placement market. These issuances occurred in December 2010, July 2011, and again in September 2013. The notes are denominated in US dollars and Canadian dollars and mature as follows - due December 2017: $39.7m; due July 2019: $247.3m; due December 2020: $205.0m; and due July 2022: $248.6m.

Certain of the Long Term Notes are designated as part of a fair value hedge in relation to the interest rate risk (refer note 4c), their carrying value includes a fair value adjustment uplift of $7.7m (2016: 14.0m) being the revaluation of the debt for the risk being hedged. This fair value loss in the carrying value of the Notes is offset by gains on interest rate swap instruments which are designated as an effective fair value hedge and recognised as a fair value derivative receivable (refer note 4c).

Interest is payable semi-annually to noteholders. The weighted average interest rate (incorporating the effect of interest rate contracts) for all long term notes at balance date is 3.8% (2016: 3.8%).

Under the terms of the note agreements, the Company and a number of its wholly-owned subsidiaries jointly and severally guarantee and indemnify the noteholders in relation to the issuer's obligations.

Accounting policy – Loans and borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss statement over the period of the borrowings on an effective interest basis.

4. RISK & CAPITAL MANAGMENT

This section provides information about the Group's risk and capital management. Where relevant the accounting policies that have been applied and significant estimates and judgements made is included with each note.

4a) Financial & Capital risk management

Risk management framework

Identification, measurement and management of risk is a strategic priority for the Group. The provision of goods and services carries a number of diverse risks which may have a material impact on the Group's financial position and performance. Consequently, the Board has established a comprehensive framework covering accountability, oversight, measurement and reporting to maintain high standards of risk management throughout the Group.

The Group allocates specific roles in the management of risk to executives and senior managers and to the Board. This is undertaken within an overall framework and strategy established by the Board.

The Audit and Risk Committee obtains assurance about the internal control and risk management environment through regular reports from the Risk and Compliance team.

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Credit risk

The Group has an established credit policy and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. There is no single customer making up a material percentage of the Group's revenue. Geographic concentrations of trade receivables are - Australia 28% (2016: 29%), Canada 9% (2016: 7%), USA 18% (2016: 18%), UK 14% (2016: 11%), and other countries 31% (2016: 35%). The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim.

Counterparties to transactions involving derivative financial instruments are large Australian and international banks with whom the Group has a signed netting agreement. Management does not expect any counterparty to fail to meet its obligations.

Group policy is to provide financial guarantees only to wholly-owned subsidiaries. Details of the Deed of Cross Guarantee are provided in note 5c.

4a) Financial & Capital risk management (continued)

Liquidity risk

The liquidity position of the Group is continuously managed using cash flow forecasts to ensure sufficient liquid funds are available to meet its financial commitments in a timely and cost-effective manner. The Group is party to a number of bilateral debt facility and long term note agreements which provide funding for acquisitions and working capital (refer note 3c).

Note 4c details the repayment obligations in respect of the amount of the facilities and derivatives utilised.

Market risk

Interest rate risk

Interest rate risk is the risk that the Group's financial position and performance will be adversely affected by movements in interest rates. Interest rate risk on cash and short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

The Group's interest rate risk arises from long-term debt. Floating rate debt exposes the Group to cash flow interest rate risk and fixed rate debt exposes the Group to fair value interest rate risk. Interest rate risk is managed by maintaining an appropriate mix of fixed and floating rate debt. The Group enters into interest rate swaps to manage the ratio of fixed rate debt to floating rate debt. Hedging is undertaken against specific rate exposures only, as disclosed in note 4c.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

Foreign exchange risk arises from future purchase and sales commitments and assets and liabilities that are denominated in a currency that is not the functional currency of the respective Group entities. Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Group's financial position.

The Group may enter into forward foreign exchange contracts (FECs) to hedge certain forecast purchase commitments denominated in foreign currencies (principally US dollars). The terms of these commitments are generally less than three months. The amount of forecast purchases is estimated based on current conditions in foreign markets, customer orders, commitments to suppliers and experience.

The Group borrows funds in foreign currencies to hedge its net investments in foreign operations. The Group's Canadian dollar denominated borrowings are designated as hedges of the Group's net investments in subsidiaries with this functional currency.

The Group has also entered into cross currency interest rate swaps which have been designated as hedges of net investments in foreign operations whose functional currencies are Canadian dollars, Czech koruna, and Euros.

Capital management

Capital comprises equity attributable to equity holders, loans and borrowings and cash and cash equivalents.

Capital management involves the use of corporate forecasting models which facilitates analysis of the Group's financial position including cash flow forecasts to determine the future capital management requirements. Capital management is undertaken to ensure a secure, cost-effective and flexible supply of funds is available to meet the Group's operating and capital expenditure requirements. The Group monitors gearing and treasury policy breaches and exceptions. The gearing ratio (net debt to net debt plus equity) as at balance date is 29% (2016: 27%).

The Group maintains a stable capital base from which it can pursue its growth aspirations, whilst maintaining a flexible capital structure that allows access to a range of debt and equity markets to both draw upon and repay capital.

4b) Capital & reserves

Reconciliation of movement in capital

In millions of AUD	Consolidated	
	2017	**2016**
Issued and paid up share capital		
504,221,143 ordinary shares fully paid (2016: 504,214,901)	1,453.4	1,452.7
Movements in ordinary share capital		
Balance at beginning of year	1,452.7	1,134.1
96,968,595 shares issued under non-renounceable rights issue in December 2015 (net of costs)	-	318.4
75,233 Treasury shares vested and issued to employees (2016: 21,630)	0.7	0.2
6,242 new shares issued to employees under LTI Plan (2016: nil)	-	-
Balance at end of year	1,453.4	1,452.7

As at the end of year, the total number of treasury shares held by the ALS Limited LTI Plan Trust was 495,809 (2016: 571,042). These treasury shares are held by the Trust to meet the Company's future anticipated equity-settled performance rights obligations in respect of the LTI Plan.

Terms and Conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to the net proceeds of liquidation.

Reserves

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity, as well as from the translation of liabilities or changes in fair value of derivatives that hedge the Company's net investment in a foreign subsidiary.

The employee share-based awards reserve comprises the cumulative amount, recognised as an employee expense to date, of the fair value at grant date of share-based, share-settled awards granted to employees. Refer to notes 1d and 8a.

Other reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. In the prior year, it also included amounts arising from the accounting for a put and call option arrangement entered with a non-controlling interest of a controlled entity.

4b) Capital & reserves (continued)

Dividends

Dividends recognised in the current year by the Company are:

In millions of AUD	Cents per share	Franked amount (cents)	Total amount	Date of payment
2017				
Interim 2017 ordinary	5.5	3.3	27.7	21 Dec 2016
Final 2016 ordinary	6.0	2.4	30.3	1 July 2016
			58.0	
2016				
Interim 2016 ordinary	7.5	1.1875	30.5	18 Dec 2015
Final 2015 ordinary	10.0	2.5	40.8	1 July 2015
			71.3	
Dividend declared after the end of the financial year:				
Final 2017 ordinary	8.0	3.2	40.3	3 July 2017

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 31 March 2017 and will be recognised in subsequent financial reports.

The franked components of all dividends paid or declared since the end of the previous financial year were franked based on a tax rate of 30%.

In millions of AUD **Dividend franking account**	Consolidated	
	2017	**2016**
30% franking credits available to shareholders of ALS Limited for subsequent financial years	1.6	2.2

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- franking credits/debits that will arise from the payment/receipt of current tax liabilities/assets;
- franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
- franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and
- franking credits that the entity may be prevented from distributing in subsequent years.

The final FY17 dividend declared after balance date will be franked to 40% using franking credits in existence at balance date and arising from the Company's tax instalments to be paid during the year ending 31 March 2018.

Accounting policy

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

4c) Financial Instruments

Liquidity risk

Contractual maturities for financial liabilities on a gross cash flow basis are analysed below:

CONSOLIDATED

As at 31 March 2017 *In millions of AUD*	**6 months or less**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Bank overdraft	0.4	-	-	-	-	0.4
Trade and other payables	140.1	-	-	-	-	140.1
Finance lease liabilities	0.3	0.3	-	-	-	0.6
Long term notes	15.6	54.3	29.7	497.1	252.1	848.8
Bank loans	0.2	-	-	-	-	0.2
Derivative financial instruments	(1.5)	(1.4)	(2.1)	(3.0)	-	(8.0)
Total	155.1	53.2	27.6	494.1	252.1	982.1

CONSOLIDATED

As at 31 March 2016 *In millions of AUD*	**6 months or less**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Bank overdraft	-	-	-	-	-	-
Trade and other payables	150.9	-	-	-	-	150.9
Finance lease liabilities	0.5	0.5	0.9	-	-	1.9
Long term notes	15.6	15.5	69.9	516.8	263.2	881.0
Bank loans	0.2	0.2	0.3	-	-	0.7
Derivative financial instruments	(1.9)	(1.7)	(3.2)	(7.2)	-	(14.0)
Total	165.3	14.5	67.9	509.6	263.2	1,020.5

The gross outflows/(inflows) disclosed in the tables above for derivative financial liabilities represent the contractual undiscounted cash flows of derivative financial instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash settled.

Notes to the financial statements

For the year ended 31 March 2017

4c) Financial Instruments (continued)

Currency risk

The Group’s exposure to foreign currency risk at balance date was as follows, based on notional amounts:

CONSOLIDATED

In millions of AUD	2017					
	USD	**CAD**	**NOK**	**EUR**	**PLN**	**GBP**
Trade and other receivables	23.6	-	-	2.0	0.2	0.3
Cash at bank	70.4	-	0.4	3.2	-	1.5
Bank loan	-	-	-	-	-	-
Long term notes	-	(64.0)	-	-	-	-
Trade and other payables	(4.7)	-	-	(0.3)	-	(0.1)
Net balance sheet exposure	89.3	(64.0)	0.4	4.9	0.2	1.7

CONSOLIDATED

In millions of AUD	2016					
	USD	**CAD**	**CZK**	**EUR**	**PLN**	**GBP**
Trade and other receivables	16.9	-	0.1	2.5	0.1	0.3
Cash at bank	42.5	-	0.6	4.3	0.1	1.6
Bank loan	-	-	-	-	-	-
Long term notes	-	(65.2)	-	-	-	-
Trade and other payables	(3.0)	-	-	(0.3)	-	(0.1)
Net balance sheet exposure	56.4	(65.2)	0.7	6.5	0.2	1.8

The following exchange rates against the Australian dollar applied at 31 March:

	31 March spot rate	
	2017	**2016**
USD	0.7642	0.7654
CAD	1.0158	0.9969
NOK	6.5610	6.3896
CZK	19.3559	18.3091
EUR	0.7161	0.6765
PLN	3.0310	2.8784
GBP	0.6078	0.5318

4c) Financial Instruments (continued)

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the above balances at 31 March would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

In millions of AUD	**Consolidated**	
As at 31 March 2017	**Profit**	**Equity**
USD	(8.1)	-
CAD	-	5.8
EUR	(0.5)	-
GBP	(0.1)	-
	(8.7)	5.8
As at 31 March 2016		
USD	(5.1)	-
CAD	-	5.9
CZK	(0.1)	-
EUR	(0.6)	-
GBP	(0.2)	-
	(6.0)	5.9

A 10 percent weakening of the Australian dollar against the above balances at 31 March would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

In millions of AUD	**Consolidated**	
As at 31 March 2017	**Profit**	**Equity**
USD	9.9	-
CAD	-	(7.1)
EUR	0.6	-
GBP	0.2	-
	10.7	(7.1)
As at 31 March 2016		
USD	6.3	-
CAD	-	(7.2)
CZK	0.1	-
EUR	0.7	-
GBP	0.2	-
	7.3	(7.2)

4c) Financial Instruments (continued)

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

In millions of AUD	Consolidated	
Fixed rate instruments	**2017**	**2016**
Financial assets	50.0	20.0
Financial liabilities	(741.1)	(749.5)
Effect of interest rate contracts*	175.2	176.3
	(515.9)	(553.2)
Variable rate instruments		
Financial assets	199.3	277.9
Financial liabilities	(0.4)	-
Effect of interest rate contracts*	(175.2)	(176.3)
	23.7	101.6

* Represents the net notional amount of interest rate swaps used for hedging.

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group has designated interest rate contracts as hedging instruments under a fair value hedge accounting model in relation to its fixed rate long term notes. The interest rate contracts swap the fixed interest payable on a portion of the loan notes to variable interest rates for the term of the debt. In accordance with the Group's accounting policy (refer note 3c) changes in fair value of the interest rate contracts together with the change in fair value of the debt arising from changes in interest rates are recognised in the profit and loss (to the extent the fair value hedge is effective). In 2017, the change in fair value of interest rate contracts was ($6.2) million (2016: $0.3 million) and was offset in the Group's profit and loss statement by an equal amount relating to the change in fair value of the hedged risk. A change of 50 basis points in interest rates at the reporting date would not materially impact the Group's profit and loss before income tax or equity (2016: Nil).

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased (decreased) profit before income tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

In millions of AUD	Consolidated			
	Profit		Equity	
	50 bp increase	**50bp decrease**	**50 bp increase**	**50 bp decrease**
As at 31 March 2017				
Variable rate instruments	1.0	(1.0)	-	-
Interest rate contracts	(0.9)	0.9	-	-
Cash flow sensitivity (net)	0.1	(0.1)	-	-
As at 31 March 2016				
Variable rate instruments	1.4	(1.4)	-	-
Interest rate contracts	(0.9)	0.9	-	-
Cash flow sensitivity (net)	0.5	(0.5)	-	-

4c) Financial Instruments (continued)

Fair values of financial instruments

The Group's financial assets and liabilities are included in the balance sheet at amounts that approximate fair values with the exception of fixed rate debt which has a fair value of $775.2m (2016: $783.1m). The basis for determining fair values is disclosed in note 7c. The fair value at 31 March 2017 of derivative assets (2016: asset) held for risk management, which are the Group's only financial instruments carried at fair value, was a net loss of $6.1m (2016: $0.8m) measured using Level 2 valuation techniques as defined in the fair value hierarchy shown in note 7c. The Group does not have any financial instruments that are categorised as Level 1 or Level 3 in the fair value hierarchy.

4d) Contingencies

The directors are of the opinion that there are no material contingent liabilities at 31 March 2017.

4e) Capital commitments

In millions of AUD	Consolidated	
	2017	**2016**
Capital expenditure commitments		
Plant and equipment contracted but not provided for and payable within one year	18.8	13.5

4f) Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In millions of AUD	Consolidated	
	2017	**2016**
Less than one year	39.6	30.9
Between one and five years	49.2	61.8
More than five years	14.2	12.8
	103.0	105.5

The Group leases property, plant and equipment under operating leases expiring over terms of up to six years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Some leases provide for additional rent payments that are based on a local price index.

During the year ended 31 March 2017 $48.6m was recognised as an expense in the profit and loss statement in respect of operating leases (2016 restated: $49.2m).

Accounting policy

Operating lease payments
Payments made under operating leases are recognised in the profit and loss statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss statement as an integral part of the total lease expenses and spread over the lease term.

4f) Operating leases (continued)

Leases as lessor

The Group leases out its investment property held under operating lease (see note 2e). The future minimum lease payments receivable under non-cancellable leases are as follows:

In millions of AUD	Consolidated	
	2017	**2016**
Less than one year	2.0	2.0
Between one and five years	8.7	1.1
	10.7	3.1

During the year ended 31 March 2017 $1.8m was recognised as rental income in the profit and loss statement (2016: $1.7m).

5. GROUP STUCTURE

This section provides information about the Group's structure. Where relevant the accounting policies that have been applied and significant estimates and judgements made is included with each note.

5a) Acquisition of subsidiaries and non-controlling interest

Business Combinations

In millions of AUD	**Interest Acquired**	**Date acquired**	**Consideration**
2017			
ALcontrol UK	100%	November 2016	13.0
Other acquisitions during the year			19.7
			32.7

If the acquisitions had occurred on 1 April 2016, management estimates that Group revenue from continuing operations would have been $1,308,274,000 and net profit after tax would have been $93,982,000.

In millions of AUD	**Interest Acquired**	**Date acquired**	**Consideration**
2016			
Controlvet Group	100%	April 2015	10.7
Maverick Testing Group	100%	February 2016	7.4
Other acquisitions during the year			2.4
			20.5

If the acquisitions had occurred on 1 April 2016, management estimates that Group revenue would have been $1,371,338,000 and net loss after tax would have been $240,632,000.

5a) Acquisition of subsidiaries and non-controlling interest (continued)

ALcontrol UK net assets at acquisition date

In millions of AUD	Fair Value 2017
Property, plant and equipment	7.0
Inventories	1.6
Identifiable intangible assets	1.5
Trade and other receivables	10.3
Cash and cash equivalents	2.2
Trade and other payables	(5.8)
Interest bearing loans and borrowings	(56.0)
Net identifiable assets and liabilities	(39.2)
Goodwill on acquisition	52.2
Consideration paid, satisfied in cash	13.0
Cash (acquired)	(2.2)
Net cash outflow	10.8

Directly attributable transaction costs of $397,000 were included in administration and other expenses in the profit and loss statement. In the period to 31 March 2017 ALcontrol UK contributed revenue of $14,770,000 and a net loss after tax of $2,642,000 to the consolidated net profit after tax for the year.

ALcontrol UK was acquired for the purpose of enhancing the global service reach of the Group's existing Food Pharma and Environmental operations. The goodwill recognised on acquisition is attributable mainly to skills and technical talent of ALcontrol UK's workforce and the synergies expected to be achieved from integrating the acquired operations into the Group's existing business. The goodwill is not expected to be deductible for income tax purposes.

Other acquirees' net assets at acquisition dates

In millions of AUD	Fair Value ** 2017	Fair Value * 2016
Property, plant and equipment	0.9	4.9
Inventories	-	0.5
Identifiable intangible assets	0.2	1.3
Trade and other receivables	2.7	4.9
Other current assets	0.5	0.1
Cash and cash equivalents	0.1	0.6
Interest-bearing loans and borrowings	(0.2)	(1.0)
Employee benefits	(0.1)	(0.4)
Trade and other payables	(0.8)	(3.2)
Current tax liabilities	(0.1)	(0.2)
Net identifiable assets and liabilities	3.2	7.5
Goodwill on acquisition	16.5	13.0
Consideration paid, satisfied in cash	19.7	20.5
Cash (acquired)	(0.1)	(0.6)
Net cash outflow	19.6	19.9

* The comparatives disclose all 2016 acquisitions.

** These acquisitions have been recognised on a provisional basis.

5a) Acquisition of subsidiaries and non-controlling interest (continued)

Directly attributable transaction costs of $6,000 (2016: nil) relating to these acquisitions were included in administration and other expenses in the profit and loss statement. In the period to 31 March 2017 the other acquirees contributed revenue of $2,690,000 and a net profit after tax of $403,000 to the consolidated net profit after tax for the year

The goodwill recognised on acquisition is attributable mainly to skills and technical talent of the acquired business's workforce and the synergies expected to be achieved from integrating the company into the Group's existing business. The goodwill is not expected to be deductible for income tax purposes.

Accounting policy – Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- *the fair value of the consideration transferred; plus*
- *the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less*
- *the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.*

When the excess is negative, a bargain purchase gain is recognised immediately in profit and loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit and loss. When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination.

This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

In determining the fair value of identifiable net assets acquired, the Group considers the existence of identifiable intangible assets such as brandnames, trademarks, customer contracts and relationships and in process research and development intangible assets. Where material, these items are recognised separately from goodwill.

5b) Consolidated entities

The Group's significant controlled entities are listed below:

	Country of Incorporation
Parent entity	
ALS Limited	Australia
Subsidiaries	
Australian Laboratory Services Pty Ltd	Australia
ACIRL Proprietary Ltd	Australia
ACIRL Quality Testing Services Pty Ltd	Australia
Ecowise Australia Pty Ltd	Australia
ALS Industrial Australia Pty Ltd	Australia
ALS Industrial Pty Ltd	Australia
ALS Industrial Power Services Pty Ltd	Australia
ALS Metallurgy Pty Ltd	Australia
ALS South American Holdings Pty Ltd	Australia
ALS Canada Ltd	Canada
ALS Corpro Canada Limited	Canada
ALS Testing Services Group, Inc	USA
ALS Group General Partnership	USA
ALS Group USA, Corp	USA
ALS USA, Inc	USA
ALS Services USA, Corp	USA
Reservoir Group Limited	United Kingdom
Reservoir Group LLC	USA
ALS Technichem (Singapore) Pte Ltd	Singapore
ALS Chemex South Africa (Proprietary) Ltd	South Africa
ALS Burkina SARL (formerly Abilab Burkina SARL)	Burkina Faso
Group de Laboratoire ALS MALI SARL	Mali
ALS Scandinavia AB	Sweden
ALS Inspection UK Limited	United Kingdom
Corpro Systems Ltd	United Kingdom
ALS Chemex de Mexico S.A. de C.V.	Mexico
ALS Patagonia S.A.	Chile
ALS Peru S.A.	Peru
Corpro Systems FZE (Dubai)	UAE

The above entities were wholly owned at the end of the current year and the comparative year.

5b) Consolidated entities (continued)

Accounting policy – Consolidated entities

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interest are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

Where the Group enters a written put option in relation to a non-controlling interest in a controlled entity, the Group recognises a liability initially at its fair value (being the present value of the exercise price) with a corresponding amount recognised in equity within other reserves. All subsequent changes to the liability are also recognised in equity.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity with adjustments made to the "Investments accounted for using the equity method" and "Share of net profit of associates and joint ventures accounted for using the equity method" accounts.

5c) Deed of cross guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 dated 28 September 2016 (replacing ASIC Class order 98/1418 dated 13 August 1998), the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- ACIRL Proprietary Limited
- ACIRL Quality Testing Services Pty Ltd
- ALS Metallurgy Holdings Pty Ltd
- ALS Metallurgy Pty Ltd
- ALS Metallurgy Pty Ltd atf Ammtec Unit Trust
- ALS Industrial Holdings Pty Ltd
- ALS Industrial Pty Ltd
- ALS Industrial Power Services Pty Ltd
- Australian Laboratory Services Pty Ltd
- Ecowise Australia Pty Ltd
- Ecowise Environmental Pty Ltd
- ALS South American Holdings Pty Ltd

A consolidated profit and loss statement, consolidated statement of comprehensive income and consolidated balance sheet, comprising the Company and subsidiaries which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 31 March 2017 is set out below.

Summary profit and loss statement and retained profits

In millions of AUD	**Consolidated**	
	2017	**2016**
Profit before tax	58.8	91.9
Income tax expense	(12.8)	(17.7)
Profit after tax	46.0	74.2
Retained profits at beginning of year	16.2	30.9
Retained earnings adjustment*	0.3	(17.6)
Dividends recognised during the year	(58.0)	(71.3)
Retained profits at end of year	4.5	16.2

* Represents applicable amounts taken directly to retained earnings, together with adjustments for changes in the composition of the cross-guarantee group.

5c) Deed of cross guarantee (continued)

Statement of comprehensive income

In millions of AUD	Consolidated	
	2017	**2016**
Profit for the period	46.0	74.2
Total comprehensive income for the period	**46.0**	**74.2**

Balance Sheet

In millions of AUD	Consolidated	
	2017	**2016**
Assets		
Cash and cash equivalents	88.8	57.6
Trade and other receivables	85.8	89.4
Inventories	16.8	14.5
Other	3.2	3.2
Total current assets	194.6	164.7
Receivables	116.7	170.0
Investments accounted for using the equity method	13.9	16.2
Investment property	10.4	10.5
Deferred tax assets	21.2	20.3
Property, plant and equipment	139.6	147.7
Intangible assets	368.5	369.5
Other investments	776.5	766.1
Total non-current assets	1,446.8	1,500.3
Total assets	1,641.4	1,665.0
Liabilities		
Trade and other payables	42.5	35.8
Loans and borrowings	0.5	0.5
Income tax payable	2.2	2.0
Employee benefits	29.3	28.1
Total current liabilities	74.5	66.4
Loans and borrowings	93.2	94.7
Employee benefits	7.0	7.0
Other	8.0	29.0
Total non-current liabilities	108.2	130.7
Total liabilities	182.7	197.1
Net assets	1,458.7	1,467.9
Equity		
Share capital	1,453.4	1,452.7
Reserves	0.8	(1.0)
Retained earnings	4.5	16.2
Total equity	1,458.7	1,467.9

5d) Parent entity disclosures

Result of parent entity

In millions of AUD	2017	2016
Profit for the period	42.7	89.6
Total comprehensive income for the period	42.7	89.6

Financial position of parent entity at year end

In millions of AUD	2017	2016
Current assets	92.3	74.2
Total assets	1,814.8	1,766.6
Current liabilities	10.6	9.1
Total liabilities	358.6	297.9
Net assets	1,456.2	1,468.7
Share capital	1,453.4	1,452.7
Reserves	4.6	2.5
Retained earnings	(1.8)	13.5
Total equity	1,456.2	1,468.7

Parent entity capital commitments

In millions of AUD	2017	2016
Plant and equipment contracted but not provided for and payable within one year	-	1.4
	-	1.4

Parent entity guarantees in respect of the debts of its subsidiaries

The Company is party to a number of financing facilities and a Deed of Cross Guarantee under which it guarantees the debts of a number of its subsidiaries. Refer to notes 3c and 5c for details.

6. TAXATION

This section provides information about the Group's income tax expense (including a reconciliation of income tax expense to accounting profit), deferred tax balances and income tax recognised directly in equity. Where relevant the accounting policies that have been applied and significant estimates and judgements made is included with each note.

6a) Income taxes
6b) Deferred tax assets and liabilities

6a) Income taxes

In millions of AUD	Consolidated	
	2017	2016
Recognised in the profit and loss statement		
Current tax expense from continuing operations		
Current year	35.9	31.4
Adjustments for prior years	3.5	4.1
	39.4	35.5
Deferred tax expense		
Origination and reversal of temporary differences	1.7	2.7
	1.7	2.7
Total income tax expense in profit and loss statement	41.1	38.2
Reconciliation between tax expense and pre-tax net profit/(loss)		
Profit/(loss) before tax from continuing operations	139.8	(190.6)
Income tax using the domestic corporation tax rate of 30% (2016: 30%)	41.9	(57.2)
Difference resulting from different tax rates in overseas countries	(4.0)	(3.5)
Increase in income tax expense due to:		
Non-deductible expenses	2.9	2.8
Non-deductible new market expansion and acquisition related costs	0.5	-
Tax losses of subsidiaries not recognised	0.7	2.9
Non resident withholding tax paid upon receipt of distributions from foreign related parties	1.2	0.3
Non-deductible goodwill impairment losses	-	79.6
Non-deductible impairment of other assets	-	11.9
Non-deductible amortisation of intangibles	0.5	4.5
Decrease in income tax expense due to:		
Previously unrecognised tax losses utilised during the year	(0.5)	(0.1)
Share of associate entities net profit	(0.6)	(0.8)
Foreign statutory tax exemptions granted	(0.1)	(0.6)
Tax exempt revenues	(0.3)	(0.2)
Deductible financing costs	(4.0)	(4.9)
Other deductible items	(0.6)	(0.6)
Under / (over) provided in prior years	3.5	4.1
Income tax expense on pre-tax net profit/(loss)	41.1	38.2

6a) Income tax (continued)

Deferred tax recognised directly in equity

Relating to foreign currency translation reserve	-	0.3
Relating to share capital	-	1.4
Relating to hedging reserve	(0.1)	(0.1)
	(0.1)	1.6

6b) Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Consolidated	Assets		Liabilities		Net	
In millions of AUD	2017	2016	2017	2016	2017	2016
Property, plant and equipment	6.6	7.7	7.8	6.1	(1.2)	1.6
Land and buildings		-	0.2	0.3	(0.2)	(0.3)
Unrealised FX losses/(gains)	7.0	12.0	6.1	5.0	0.9	7.0
Provisions and other payables	17.0	13.3		-	17.0	13.3
Undeducted equity raising costs	1.2	1.8		-	1.2	1.8
Undeducted capital expenditure		-		-	-	-
Fair value derivatives		-	1.6	1.5	(1.6)	(1.5)
Intangible assets		-		3.8	-	(3.8)
Inventories		-	5.2	4.5	(5.2)	(4.5)
Other items	2.0	2.3	1.4	0.9	0.6	1.4
Tax value of loss carry-forwards recognised		0.1		-	-	0.1
Tax assets / liabilities	33.8	37.2	22.3	22.1	11.5	15.1
Set off of tax	(13.3)	(13.4)	(13.3)	(13.4)	-	-
Net tax assets / liabilities	20.5	23.8	9.0	8.7	11.5	15.1

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

In millions of AUD	**Consolidated**	
	2017	**2016**
Tax losses	19.3	16.5

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

6a) Income taxes (continued)

Accounting policy

Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit and loss statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 April 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is ALS Limited.

Nature of tax funding arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity payable (receivable) equal in amount to the tax liability (asset) assumed. The inter-entity payables (receivables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

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

7. OTHER INFORMATION

***This section provides information on items that are not considered to be significant in understanding the financial performance and position of the Group, but must be disclosed to comply with the Accounting Standards, the* Corporation Act 2001 *or the* Corporations Regulations.**

7a) Basis of preparation

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The consolidated financial report of the Group also complies with the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board.

The financial report was authorised for issue by the directors on 23 May 2017.

Basis of measurement

The financial report is prepared on the historical cost basis except that derivative financial instruments and liabilities for cash-settled share based payments are measured at fair value.

Functional and presentation currency

The financial report is presented in Australian dollars which is the Company's functional currency. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the financial report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

Use of estimates and judgements

The preparation of a financial report requires judgements, estimates and assumptions to be made, affecting the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, the most significant uses of estimates and judgements are described in note 2f – Intangible assets and note 5a – Acquisitions of subsidiaries and non-controlling interests.

7b) Significant accounting policies

The accounting policies applied by the Group in this financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 March 2016.

Accounting policies that apply to specific content in the financial statements have been included within the relevant notes.

Accounting policies that apply across a number of contents in the financial statements are listed below.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit and loss statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the profit and loss statement.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories (see note 2b) and deferred tax assets (see note 6b), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the profit and loss statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Goodwill that forms part of the carrying amount of an investment in equity accounted investees is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment is tested for impairment as a single asset when there is objective evidence that the investment may be impaired.

7b) Significant accounting policies (continued)

Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and presented in the hedging reserve in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability, the associated cumulative gain or loss is transferred from other comprehensive income and included in the initial cost or other carrying amount of the non-financial asset or liability. In other cases the amount recognised in other comprehensive income is transferred to the profit and loss statement in the same period that the hedged item affects profit or loss.

The ineffective portion of any change in fair value is recognised immediately in the profit and loss statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised immediately in the profit and loss statement.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the profit or loss. The hedged item also is stated at fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in profit or loss with an adjustment to the carrying amount of the hedged item.

Economic hedges

Where a derivative financial instrument is not designated in a qualifying hedge relationship, all changes in fair value are recognised in the profit and loss statement

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss statement, except for differences arising on the translation of a financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

7b) Significant accounting policies (continued)

Foreign currency (continued)

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income and presented in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

Hedge of net investment in foreign operations

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the parent entity's functional currency regardless of whether the net investments are held directly or through an intermediate parent. Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income, in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the profit and loss statement. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to the profit and loss statement as an adjustment to the gain or loss on disposal.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value and changes therein are recognised immediately in the profit and loss statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

7b) Significant accounting policies (continued)

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016 and early application is permitted. These have not been applied in preparing these consolidated financial statements.

AASB 9 will become mandatory for the Group's 2019 consolidated financial statements and could change the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets and new hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139. The Group does not plan to adopt this standard early and the Group's in the process of assessing the potential impact.

AASB 15 will become mandatory for the Group's 2019 consolidated financial statements. It establishes a comprehensive framework for determining whether, how much, and when revenue is recognised, and replaces existing revenue recognition guidance. The Group does not plan to adopt the standard early and the Group's in the process of assessing the potential impact.

AASB 16 will become mandatory for the Group's 2020 consolidated financial statements (however may be early adopted to align concurrently with the adoption of AASB 15). The new standard requires companies to bring most leases on-balance sheet, recognising new assets and liabilities. The Group does not plan to adopt the standard early and the Group's in the process of assessing the potential impact.

7c) Determination of fair value

The following summarises the major methods and assumptions used in estimating the fair values for measurement and disclosure purposes:

Fair value hierarchy

In determining fair value measurement for disclosure purposes, the Group uses the following fair value measurement hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Derivatives

Forward exchange contracts are marked to market using publicly available forward rates. Interest rate contracts are marked to market using discounted estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

Loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

Trade and other receivables / payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

7c) Determination of fair value (continued)

Finance leases

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogenous lease agreements. The estimated fair value reflects changes in interest rates.

Share-based payment transactions

The fair value of share-based awards to employees is measured using Binomial Tree (Earnings per Share and EBITDA hurdles and service condition) and Monte-Carlo Simulation (Total Shareholder Return hurdle) valuation methodologies. Measurement inputs include the Company's share price on measurement date, expected volatility thereof, expected life of the awards, the Company's expected dividend yield and the risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Refer note 8a for details.

Contingent consideration

The fair value of contingent consideration is calculated using the income approach based on the expected payment amounts and their associated probabilities. When appropriate, it is discounted to present value.

7d) Auditors' remuneration

In thousands of AUD	Consolidated	
	2017	**2016**
Audit services		
Auditors of the Company		
KPMG Australia:		
Audit and review of consolidated and company financial reports	604	561
Audit of subsidiary's financial report	-	-
Other KPMG member firms:		
Audit and review of financial reports	1,475	1,350
Other auditors		
Audit and review of financial reports	100	43
	2,179	1,954
Other services		
Auditors of the Company		
KPMG Australia		
Other assurance and investigation services	194	109
Taxation services	23	161
Other KPMG member firms:		
Taxation services	485	387
Other assurance and investigation services	79	57
	781	714

7e) Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

8. EMPLOYMENT MATTERS

This section provides information on items relating to share based payments and key management personnel.
8a) Share based payments
8b) Key management personnel

8a) Share-based payments

The Group operates a Long-Term Incentive Plan (LTIP) designed as a retention and reward tool for high performing personnel. Under the Plan key employees may be granted conditional rights to receive ordinary shares in the Company at no cost to the employees (or in limited cases to receive cash-settled awards).

During the year, the Group granted performance-hurdle rights. The concept of service-based rights (introduced during a previous financial year) was discontinued and no such rights were issued in FY2017. The only condition attaching to service-based rights is that an employee must remain employed by the Group until vesting date. As no performance hurdles attach to these rights, the number of rights issued to an individual employee is significantly less than the number of performance-hurdle rights that would otherwise be issued to an employee of similar standing.

All of the rights carry an exercise price of nil. The terms and conditions of rights in existence during the year are set out below together with details of rights vested, lapsed and forfeited:

Equity-settled performance rights

All equity-settled rights refer to rights over ordinary shares in the Company and entitle an executive to ordinary shares on the vesting date subject to the achievement of performance hurdles and or a service condition. The rights expire on termination of an executive's employment prior to the vesting date and or upon the failure of achievement of performance hurdles.

Performance-hurdle rights granted year ended 31 March:	**2017**	**2016**	**2015**	**2014**
Date of grant	26-07-16	30-07-15	29-07-14	30-07-13
Testing date for performance hurdles	31-03-19	31-03-18	31-03-17	31-03-16
Vesting date and testing date for service condition	01-07-19	01-07-18	01-07-17	01-07-16
Number of rights:				
Opening balance 1 April 2016	-	545,080	345,848	152,336
Granted	987,052	-	-	-
Vested & exercised (a)	-	-	-	(38,084)
Lapsed (a)	(183,372)	(64,800)	-	(114,252)
Closing balance 31 March 2017	803,680	480,280	345,848	-

(a) Performance-hurdle rights lapsed due to hurdles not being met or on cessation of employment. Hurdle testing at 31 March 2016 of rights granted in July 2013 resulted in 75% of those rights lapsing.

8a) Share-based payments (continued)

No service-based rights were issued in FY2017:

Service-based rights granted year ended 31 March:	2017	2016	2016	2016	2015
Date of grant	-	01-12-15	01-11-15	30-07-15	29-07-14
Vesting date and testing date for service condition	-	01-12-18	01-11-18	01-07-18	01-07-17
Number of rights:					
Opening balance 1 April 2016	-	10,000	135,514	51,085	60,080
Granted	-	-	-	-	-
Lapsed (a)	-	-	-	(3,023)	(4,214)
Closing balance 31 March 2017	-	10,000	135,514	48,062	55,866

(a) Service-based rights lapsed due to cessation of employment.

Cash-settled performance rights

All cash-settled performance rights expire on termination of an executive's employment prior to the vesting date and or upon the failure of achievement of performance hurdles. The amount of cash payment is determined based on the volume weighted average price of the Company's shares over the 20 trading days following the release of the Group's full year results for the final year of each performance period.

Performance-hurdle rights granted year ended 31 March:	2017	2016	2015	2014
Date of grant	27-07-16	30-07-15	29-07-14	30-07-13
Testing date for performance hurdles	31-03-19	31-03-18	31-03-17	31-03-16
Vesting date and testing date for service condition	01-07-19	01-07-18	01-07-17	01-07-16
Number of rights:				
Opening balance 1 April 2016	-	72,540	45,174	27,753
Granted	37,356	-	-	-
Vested & exercised (b)	-	-	-	(6,938)
Lapsed (b)	(1,166)	-	-	(20,815)
Closing balance 31 March 2017	36,190	72,540	45,174	-

(b) Performance-hurdle rights lapsed due to hurdles not being met or on cessation of employment. Hurdle testing at 31 March 2016 of rights granted in July 2013 resulted in 75% of those rights lapsing.

No service-based rights were issued in FY2017:

Service-based rights granted year ended 31 March:	2017	2016	2015
Date of grant	-	30-07-15	29-07-14
Vesting date and testing date for service condition	-	01-07-18	01-07-17
Number of rights:			
Opening balance 1 April 2016	-	10,436	14,546
Granted	-	-	-
Lapsed	-	-	-
Closing balance 31 March 2017	-	10,436	14,546

8a) Share-based payments (continued)

Vesting conditions – performance hurdle rights

Vesting conditions in relation to the performance-hurdle rights granted in July 2016 are set out below:

Employees must be employed by the Group on the vesting date (1 July 2019). The rights vest only if Earnings Per Share ("EPS"), relative Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"), relative Total Shareholder Return ("TSR") or Return on Capital Employed ("ROCE") hurdles are achieved by the Company over the specified performance period. 25 percent of employees' rights are subject to each of these hurdles. The performance hurdles and vesting proportions for each measure are as follows:

Proportion of total performance rights that may be exercised if EPS growth hurdle is met	Compound annual diluted EPS growth over the period 1 April 2016 to 31 March 2019
0%	Less than 5% per annum
12.5% of total grant	5% per annum
Straight line vesting between 12.5% and 25%	Between 5% and 9% per annum
25% of total grant	9% or higher per annum

Proportion of total performance rights that may be exercised if EBITDA hurdle is met	EBITDA margin of ALS Ltd relative to EBITDA margin of comparator companies over the period 1 April 2016 to 31 March 2019
0%	Less than the 50th percentile
25% of total grant	50th percentile or higher
	Comparator companies: Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), Mistras (USA), Applus (Spain/Singapore), Exova (UK)

Proportion of total performance rights that may be exercised if TSR hurdle is met	TSR of ALS Ltd relative to TSRs of companies in the ASX100 Index over the period 1 April 2016 to 31 March 2019
0%	Less than the 50th percentile
12.5% per comparator group	50th percentile
Straight line vesting between 12.5% and 25% per comparator group	Between 50th percentile and 75th percentile
25% of total grant per comparator group	75th percentile or higher
	Comparator companies: Companies included in the ASX 100 Index as at 1 April 2016

Proportion of performance rights that may be exercised if ROCE hurdle is met	ROCE Performance of ALS Ltd based on a 3 year average over the period 1 April 2016 to 31 March 2019
0%	Below 11.2% *
Straight line vesting between 0% and 25% of total grant	Between 11.2% and 16.2% *
25% of total grant	At or above 16.2% *

* Based on March 2016 pre-tax Nominal WACC (midpoint) for ALS as calculated by Merrill Lynch

The cumulative performance hurdles are assessed at the testing date and the "at risk" LTI component becomes exercisable or is forfeited by the executive at this time. New offers of participation are ratified by the Board after recommendation by the People Committee.

8a) Share-based payments (continued)

Expenses recognised as employee costs in relation to share-based payments

The fair value of services received in return for rights granted during the year ended 31 March 2017 is based on the fair value of the rights granted measured using Binomial Tree (EPS, EBITDA and ROCE hurdles and service condition) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies with the following inputs:

	Granted 2017	Granted 2016
Equity-settled rights		
Date of grant	26 July 2016	30 July 2015
Weighted average fair value at date of grant of performance-hurdle rights	$4.30	$4.04
Weighted average fair value at date of grant of service-based rights	n/a	$4.83
Share price at date of grant	$5.09	$5.48
Expected volatility	45%	40%
Expected life	2.9 years	2.9 years
Risk-free interest rate	1.49%	1.93%
Dividend yield	3.00%	4.30%
Cash-settled rights		
Date of grant	26 July 2016	30 July 2015
Weighted average fair value at date of grant of performance-hurdle rights	$4.30	$4.04
Weighted average fair value at date of grant of service-based rights	n/a	$4.83
Share price at date of grant	$5.09	$5.48
Expected volatility	45%	40%
Expected life	2.9 years	2.9 years
Risk-free interest rate	1.49%	1.93%
Dividend yield	3.00%	4.30%

The fair value of the liability for cash-settled rights, for which performance hurdle testing dates remain in the future, is remeasured at each reporting date.

Expenses recognised in relation to share-based payments during the year were:

In millions of AUD	*Note*	**Consolidated**	
		2017	**2016**
Equity-settled rights	*1d*	2.0	1.4
Cash-settled rights		0.2	-
Total expenses recognised as employee costs		2.2	1.4
Carrying amount of liabilities for cash-settled rights		0.4	0.2

8b) Key management personnel disclosures

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors
Bruce Phillips (Chairman)
Mel Bridges
Grant Murdoch
John Mulcahy
Charlie Sartain
Tonianne Dwyer (appointed 1 July 2016)

Former non-executive directors
Nerolie Withnall (retired 26 July 2016)

Executive Director
Greg Kilmister (Managing Director and CEO)

Executives
Raj Naran (Deputy CEO* and GGM^ Life Sciences)
Kristen Walsh (GGM Industrial)
Richard Stephens (Chief Financial Officer)
Brian Williams (GGM Commodities)

* appointed Deputy CEO effective 27 February 2017
^ GGM = Group General Manager

* As announced to the ASX on 27 February 2017, Greg Kilmister will retire from the Company at the conclusion of the 2017 Annual General Meeting on 20 July 2017. The Board has appointed Raj Naran to take over as Managing Director & CEO from that date.

The key management personnel compensation included in employee expenses are as follows:

In AUD	Consolidated	
	2017	**2016**
Short term employee benefits	6,420,135	6,197,912
Post-employment benefits	251,938	299,954
Value of share-based awards	559,403	647,668
Termination benefits	-	469,762
Other long term benefits	5,946	6,011
	7,237,422	7,621,307

Related party transaction

The Group has entered into property lease agreements in the USA with a company in which Raj Naran holds a controlling interest. Lease rental expense in AUD for the year was $808,436 (2016: $826,581) and the amount outstanding at the end of the year was Nil (2016: Nil).

ALS Limited and its subsidiaries

Directors' declaration

In the opinion of the directors of ALS Limited ("the Company"):

1. The consolidated financial statements and notes numbered 1a to 8b, and the remuneration report contained in the Directors' report, are in accordance with the *Corporations Act 2001* including:

   a) giving a true and fair view of the Group's financial position as at 31 March 2017 and of its performance for the year ended on that date: and

   b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

2. the financial report also complies with the International Financial Reporting Standards as disclosed in note 7(a);

3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and the subsidiaries identified in note 5b will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee between the Company and those entities, pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 dated 28 September 2016 (replacing ASIC Class Order 98/1418 dated 13 August 1998).

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 March 2017.

Signed in accordance with a resolution of the directors:

Bruce Phillips Chairman	Greg Kilmister Managing Director
Brisbane 23 May 2017	Brisbane 23 May 2017

Independent Auditor's Report

To the shareholders of ALS Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of ALS Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including

- giving a true and fair view of the ***Group's*** financial position as at 31 March 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated balance sheet as at 31 March 2017
- Consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end and from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of goodwill
- Decentralised operations
- Recoverability of trade receivables

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill ($969.0m)

Refer to Note 2 f) to the financial report

The key audit matter	How the matter was addressed in our audit
The assessment of impairment of the Group's goodwill is a key audit matter due to the significance of the amount to the Group's balance sheet (45% of total assets) and the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability. Management's impairment assessment incorporated significant judgment in respect of factors such as working capital, discount rates, foreign exchange rates and growth rates, which necessitated significant involvement from senior audit team members and specialists to challenge management's assumptions. Judgment was also applied in the identification of cash-generating units (CGUs) due to the geographical diversity of the Group's operations. Certain markets that the Group operates in have experienced difficult operating conditions resulting in reduced turnover and/or margin pressures. These difficult operating conditions have arisen primarily as a result of fluctuating commodity prices. This has been most felt by the ALS Coal CGU which has disclosed sensitivity analysis within the Financial Report.	Our procedures across all CGUs included: • We assessed management's identification of the Group's CGUs based on our understanding of the nature of the Group's business and the economic environment in which they operate. We also analysed the monthly management reports of the Group to assess how operating results of the business are aggregated and monitored by management and the Board; • Using our valuation specialists, we challenged the Group's key assumptions, including those relating to forecast cashflows, working capital, discount rates, foreign exchange rates and growth rates by comparing to external data, such as peer group forecasts, as well as our own assessments based on industry experience and knowledge of the Group; • We assessed the historical accuracy of forecasting of the Group by comparing actual past performance against previous forecasts and assumptions; • We performed sensitivity analysis on the discount rate and terminal growth assumptions. We also performed break-even analysis on these assumptions to inform our procedures to identify management bias; • Where a reasonable possible change in these assumptions could result in an impairment, we checked the disclosure in the financial statements.

Decentralised operations	
The key audit matter	**How the matter was addressed in our audit**
The Group comprises more than 150 subsidiaries and associates (components) whose operations are spread across the world. The Group's business is analytical testing and the individual components are wide ranging in size, customer base and type of service provided. The decentralised and varied nature of these operations require significant oversight by ALS management to monitor the activities, review component financial reporting and undertake the Group consolidation. This is an extensive process due to the high number of accounting systems used in the Group. This was a key audit matter for us given the large number of subsidiaries and associates, and the high number of accounting systems. We focused on: • Understanding the components and identifying the significant risks of material misstatement within them; • The scoping of relevant audit procedures consistent with the risk identified so as to enable coverage of significant aggregated balances; • The assessment of the components' compliance with Group accounting policies; and • The consolidation process and aggregating results from component procedures.	Our procedures included: • We instructed selected component audit teams to perform procedures on the financial information prepared for consolidation purposes. The selected components were those of most significance to the audit of the Group, either by individual size or by risk to the Group. A small number of components were also included on a rotational basis i.e. we include smaller components on a rotational basis to achieve an appropriate coverage based on professional judgment. The objective of this approach was to gather evidence on significant balances that aggregate to form the Group's financial reporting. • The component audit teams performed audit procedures on the financial information prepared for consolidation purposes. We worked with the component audit teams to understand the components, to identify risks that are significant to the audit of the Group and to plan relevant procedures. We discussed the audits as they progressed to identify and address any issues, working with the component audit teams as appropriate. We read their audit reports to us and the underlying memos explaining component results. We evaluated the work performed by the component audit teams for sufficiency and for our overall audit purpose. We also assessed the component auditors' reporting about the components' compliance with the Group's accounting policies by reading their audit reporting to us. • We tested the financial data used in the consolidation process for consistency with the financial data audited by component audit teams. We also assessed the consolidation process for compliance with accounting standards. • For the other components not within the above scope, our procedures included testing the Group's key monitoring controls and performance of analytical procedures to deepen our understanding of these components. In our analytical procedures we compared actual financial performance to the prior year results, we enquired of management and considered these results against our expectations.

Recoverability of trade receivables ($228.6m)	
Refer to Note 2 a) to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

The recoverability of trade receivables is a key audit matter due to the increased risk of non-collection arising from further ageing of long outstanding trade receivables. This risk increased our audit effort applied to recoverability of trade receivables with these characteristics.
 	
Further, increased audit effort to gather evidence over the recoverability of trade receivables was required due to the:
 	
• diverse geographic locations of customers;
 	
• large number of individual customer balances;
 	
• high level of judgement required in the Group's assessment of recoverability; and
 	
• significance of the trade receivables balance to the Group's balance sheet (11% of total assets).
 	
We focussed our work on those balances which had a greater exposure to credit risk. Key variables in considering credit risk included the age and location of the trade receivable.
 	
In assessing this key audit matter, we involved senior members of the global audit team who collectively understand the Group's business, industry and the economic environment in which it operates.
	Our procedures included:
	
	• We tested key controls within the credit control process including new customer approval and credit application approvals;
	
	• We tested the age profile of trade receivables to underlying source documentation, including invoices, on a sample basis;
	
	• We evaluated and challenged the Group's assessment of recoverability by:
	
	    • Considering the historical impairments, and historical pattern of age and location of the trade receivables;
	
	    • Using the knowledge of our global audit team to evaluate the impact of local conditions to the Group's assessment of recoverability of trade receivables;
	
	    • Evaluating, for a sample of long outstanding trade receivables by location, the underlying basis supporting recoverability, such as customer payment plans; and
	
	    • Testing on a sample basis, the cash receipts subsequent to year end for its effect in reducing amounts outstanding at year end.
	
	• We assessed the Group's disclosures in respect to credit risk against the requirements of the Australian Accounting Standards.

Other Information

Other Information is financial and non-financial information in ALS Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report (including Remuneration Report). The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of ALS Limited for the year ended 31 March 2017, marked as audited, complies with *Section 300A* of the *Corporations Act 2001*.

Director's responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited Sections 2 to 9 of the Remuneration Report which is included in the Director's report for the year ended 31 March 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our Audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Simon Crane
Partner

Brisbane
23 May 2017

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of ALS Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of ALS Limited for the financial year ended 31 March 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Simon Crane
Partner

Brisbane
23 May 2017